

USAID/Philippines

Annual Report

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Related document information can be obtained from:
USAID Development Experience Clearinghouse
8403 Colesville Road, Suite 210
Silver Spring, MD 20910
Telephone: (301) 562-0641
Fax: (301) 588-7787
Email: docorder@dec.cdie.org
Internet: <http://www.dec.org>

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A. Program Performance Summary

Program Narrative (FY 2006): USAID programs in the Philippines focus on transforming conditions for improved prosperity, democratic governance, and security and are making major contributions to regional stability and countering terrorism. Although rich in natural and human resources, the Philippines has lagged behind its East Asian neighbors in terms of economic development over the past 30 years. An estimated 46% of the population lives below the poverty line, with Muslim Mindanao the most marginalized area of the country. The Government of the Republic of the Philippines (GRP) faces serious terrorist threats rooted in Muslim separatist and Communist insurgencies that also affect security and political stability. Internationally-linked terrorists who train and seek safe haven in areas of Mindanao threaten the security of the region and the United States. The Philippines is struggling to provide sufficient jobs, infrastructure, health and education services for its rapidly growing population, and address the conditions that terrorists can exploit. Armed conflict, widespread corruption, weak rule of law, a persistent fiscal deficit (resulting from corruption and inefficiency), a crippling public debt that eats up nearly a third of the national budget, and lagging economic competitiveness combine in a vicious cycle to undermine the effectiveness of governance. The country's globally significant biodiversity and natural resources are being rapidly depleted. The GRP is making efforts to address these challenges; its top priorities are to achieve peace in Mindanao, reduce the fiscal deficit, combat corruption, and create jobs. However, political events in 2005, which included allegations of corruption and election fraud against the administration of President Gloria Macapagal Arroyo and the subsequent filing of an unsuccessful impeachment case in Congress, have slowed the pace of progress and reform.

USAID is supporting the GRP's efforts through five major initiatives: supporting conflict resolution in Mindanao; fighting corruption and improving governance to spur private sector-led economic growth; improving the delivery of health and family planning services, including support for HIV/AIDS surveillance and prevention; promoting sustainable use of energy, forest, coastal, and marine resources; and increasing access to quality basic education and job-skills training. Approximately 60% of USAID's program resources are concentrated on the poorest, most conflict-affected areas of Mindanao, helping to demonstrate the tangible economic and social benefits of peace and security. USAID programs in the Philippines continue to directly support U.S. foreign policy goals related to counterterrorism, regional stability, economic prosperity, and democracy.

Key Achievements: USAID is now in the second year of a new five-year strategy (FY 2005-FY 2009) focused on enhancing security and economic growth. The strategy has five strategic program areas: Economic Governance; Family Planning and Health; Environment and Energy; Education; and Conflict Reduction in Mindanao and Other Areas. The USAID program in the Philippines supports the USAID Asia Near East Bureau's strategic priorities of: Winning the War Against Terrorism; Making National Governments Work; Creating Jobs for the 21st Century; Launching a Blue Revolution; and Training Future Leaders.

Economic Governance: Economic growth is held back by a weak investment climate, lack of competition, inadequate revenue generation, corruption, poor governance, poorly enforced regulations, and backlogged courts. USAID-supported activities assisted the GRP in making modest increases to overall revenue collection, as domestic taxation increased slightly from 12.3% of GDP in FY 2004 to 12.6% of GDP in FY 2005. Private sector employment for both males and females also posted modest growth rates at 1.2% and 1.3%, respectively. USAID support for the GRP's anti-corruption efforts through training and capacity building resulted in an increased conviction rate of the Office of the Ombudsman to 30% (from 6% in 2002) and helped bring about the dismissal of 19 GRP officials. There also was expanded use of alternative dispute resolution in the courts, which saw an increase of 24,774 cases referred for mediation over the preceding year. In addition, more than 112 prosecutors, law enforcers, and care providers for trafficked victims were trained on the Philippines' anti-trafficking law, and grants to non-governmental organizations helped produce a multi-media campaign on trafficking. USAID also supported voter education and domestic monitoring efforts for the orderly August 2005 elections in the Autonomous Region in Muslim Mindanao (ARMM).

Family Planning and Health: Lack of family planning services, micronutrient malnutrition, infectious diseases, including multi-drug resistant tuberculosis (TB), and the threat of HIV/AIDS are the major health challenges in the Philippines. With USAID support, the contraceptive prevalence rate for modern methods showed a moderate increase amid the GRP's phase down of its contraceptive allocations to local government units. The private sector's share in the provision of family planning supplies and services increased from 33% in 2004 to 36% in 2005. USAID's performance in improving tuberculosis detection and treatment and preventing HIV/AIDS has exceeded targets set for 2005. USAID support helped lead to the increase in the number of products fortified with vitamin A, iron, and iodine, as well as the number of millers and refineries fortifying staple foods. In FY 2005, USAID-supported midwife clinics providing maternal and child health care served approximately 150,000 clients and generated approximately \$630,000 in clinic revenues. USAID also supported the clinics' provision of newborn screening services with the training of 102 of a total of 149 midwives in newborn screening, an innovation recognized by the GRP Department of Health. Efforts to improve dissemination of accurate information about voluntary family planning and improving access to family planning services are slowly but surely showing some impact. The ratio of positive to negative articles on voluntary family planning and population in national dailies increased to 7:1 in 2005 from 5:1 in 2004.

Environment and Energy: The Environment and Energy Program addresses four key threats to the country's energy sector and valuable natural resource base: lack of competitiveness; corruption; conflict; and inadequate conservation. Severe environmental degradation, an inefficient energy sector, and heavily polluted air and water, among other factors, undermine the competitiveness of the Philippine economy and quality of life of the Filipino people. Poor governance, corruption, and population pressure are in part to blame, and resultant conflict further marginalizes the rural poor and minority populations most dependent on natural resources for their food and livelihoods. To address these challenges, USAID works to improve management of natural resources and biodiversity, expand access to appropriate energy services, reduce pollution, and increase access to water and sanitation services. During FY 2005, USAID helped upland and coastal communities place 73,851 hectares of forest and coastal-marine areas under improved management. Rural electrification and air pollution mitigation efforts helped the country to avoid 4,083 tons of carbon dioxide emissions. A total of 16,822 rural residents from 86 villages in conflict-affected areas of Mindanao had their homes electrified, and USAID improved access to clean water for 68,404 people and sanitation for 5,700 people.

Education: USAID's education program is helping the GRP address the major challenges faced by the education sector including poor student performance, poor quality teacher training, shortage of teachers, classrooms and educational materials, increasing drop-out rates, and insufficient access to education for the poor and the conflict-affected. Focused on Mindanao, particularly the Autonomous Region in Muslim Mindanao (ARMM), the education program aims to increase access to quality education and livelihood skills for the most disadvantaged school age population and out-of-school youth (OSY). After one year into full implementation, USAID's education program has made significant progress in areas targeted for assistance. Education assistance provided 729 students the opportunity to graduate from vocational training programs in communities with high youth unemployment; USAID-supported primary schools or equivalent non-school-based settings enrolled 176,566 learners; 608 primary and 158 secondary schools have been supported with physical facilities improvement, training of teachers, principals and supervisors, curriculum and materials development. USAID support in the implementation of key education sector policies also resulted in the greater devolution of education management from the national level to the community level. Overall, the education program had benefited 237,000 primary schoolchildren, 23,000 secondary students, and 7,428 OSY.

Conflict Reduction in Mindanao and Other Areas: Activities under this objective form the cornerstone of USAID assistance in the Philippines and are a focal point of the cooperation between the United States and the Philippines aimed at finding a peaceful resolution to long-running hostilities in Mindanao. This program is focused on creating sustained economic growth, and expanding economic and social benefits, hence building widespread support for the peaceful resolution of problems in the conflict-affected areas of Mindanao. As of the end of FY 2005, 345 USAID-supported infrastructure projects (including both small and mid-scale infrastructure) had been completed, benefiting nearly 1.5 million people in conflicted areas. USAID assisted 232 rural banks and bank branches throughout the conflict-affected areas

of Mindanao to develop their capability to profitably provide financial services to microenterprises. Collectively, the banks have provided loans to 229,200 microenterprises (85% of the borrowers have been women). USAID is also assisting 133 branches of 40 credit unions to implement best practices in portfolio management. The membership of these credit unions has grown from 121,000 when the program started in 1999 to 604,000 in 2005. In FY 2005, USAID assisted community and municipal governments in 56 municipalities in Mindanao to increase transparency in their budgeting and planning processes. In addition, the Barangay Justice System, a community-based dispute resolution mechanism established by the Local Government Code of the Philippines, has mediated a total of 5,292 cases, 70% of which were satisfactorily resolved.

Gender: As part of the development of USAID's FY 2005-FY 2009 strategy, a gender assessment of the Philippines and USAID activities was conducted in 2004. The study identified gender inequity, especially in Mindanao, as a serious problem that should be considered in program development. Poor, indigenous, and Muslim women continue to have limited access to knowledge, skills, and resources. They experience higher rates of unemployment and illiteracy and are vulnerable to domestic abuse, human trafficking, and lack of food security. In addition, women occupy only 8% to 17% of all nationally elected positions in the country and suffer from relatively low earnings. On the other hand, more boys than girls drop out of school as they begin to reach grades four to six, especially in conflict-affected areas. Therefore, USAID's approach to gender is to integrate gender concerns into those programs which increase incomes, provide access to health services, provide job skills training, and enable ordinary women to participate in addressing issues directly affecting them. In addition, in the USAID education program, special attention is being given to boys in danger of dropping out of school or who have left school. Other activities that include gender concerns are: expanding economic opportunities for women (through microfinance and training); conserving natural resources by involving women more effectively; bolstering women's involvement in achieving parents' desired family size and greater participation of men in family planning; improving maternal and child health; and achieving equity in education through promotion of gender-equitable policies and practices in basic education and the formal and non-formal sectors. The assessment recommended that a Gender Committee composed of representatives from each of the program teams be organized. The Committee has been formed and will complete a Gender Plan of Action in FY 2006, specifying the gender issues to be addressed by each program, appropriate inputs, gender performance, and result indicators.

Integrated Programming and Cross-Cutting Issues: All strategic objectives prioritize the conflict-affected areas of Mindanao, address gender equity, and focus on improving governance and fighting corruption. In addition, some activities are being integrated across sectors to increase their impact. An example of integrated programming is the new Population-Health-Environment (PHE) activity in coastal areas that seeks to attract an increasing number of men to reproductive health training. The initiative focuses on 10 coastal villages where population growth and density exceeds national averages. Over a nine-month period, PHE established 65 private sector-led health commodity distribution centers supported by 177 trained peer counselors. Initial results showed an increasing number of male participants in traditionally women-dominated reproductive health activities, possibly due to growing recognition among fishermen of the relationship between the declining productivity of the local fishery and a growing number of mouths to feed.

Global Development Alliances and Partnerships: In FY 2005, USAID engaged in 15 Global Development Alliances (GDAs) and partnerships with non-traditional partners. USAID's Energy and Environment and Education programs each have an example of a successful GDA partnership. In FY 2005, USAID launched Phase 2 of the Alliance for Mindanao Off Grid Renewable Energy (AMORE 2) with Mirant Corporation, a U.S. independent power producer with major operations in the Philippines. AMORE provided electricity to 16,822 individuals in 86 remote and conflict-affected villages in Mindanao using solar and micro-hydro systems, bringing cumulative electrification totals to 42,352 people in 227 villages. To date, AMORE's village-level renewable energy associations have raised over \$180,000 from the poorest communities in the Philippines to ensure the maintenance of their energy systems. The successful AMORE alliance continued to attract new partners, including the British Embassy for provision of water systems, and Shell Solar and the Philippine National Oil Company for additional solar panels. In addition, USAID's support to the GRP Department of Energy wind energy investment bidding rounds

resulted in investor expressions of interest for 16 potential wind energy sites. In cooperation with the U.S. Department of Energy and the U.S. National Renewable Energy Laboratory, USAID will explore partnerships with some of these new wind investors during FY 2006.

USAID's education program is being implemented, in part, through six public-private alliances using the GDA model. These education GDAs more than doubled the total resources available. For instance, the Education and Livelihood Skills Alliance (ELSA), led by the International Youth Foundation also includes the Ayala Foundation, Consuelo Foundation, Petron Foundation, Philippines Business for Social Progress, and the Southeast Asian Ministers of Education Organization, which provided a leverage of \$1,269,369. This Alliance helped create and expand school- and community-based learning and employment opportunities by upgrading school infrastructure, mobilizing parent-teacher-community associations, strengthening alternative learning systems, and providing opportunities for positive youth leadership engagement. The Books Across the Sea program of Brother's Brother Foundation, Rotary Club of Makati, and Allied Bank has provided 390,000 books to schools and learning centers in the ARMM and other conflict-affected areas of Mindanao; these books are valued at \$10,451,260. Through partnership with the Mindanao Business Council, Save the Children Federation, local chambers of commerce, private businesses, and the GRP's Technical Education and Skills Development Authority, USAID was able to train out-of-school youth for self employment or jobs in the areas of food processing, small engine repair, cell phone repair, and agro-industry. By the end of FY 2005, 729 youth were participating in training programs and 303 were completing apprenticeships. Forty-six of the graduates have already found employment in agro-industry, cell phone repair, and food processing and nine more established businesses. In 2005, the partnership generated a leverage of \$706,903, based on a USAID program expenditure of \$664,084.

Presidential Initiatives: USAID responded to seven Presidential Initiatives in FY 2005, which included: 1) Water for the Poor Initiative - increased access to water and sanitation services; 2) Clean Energy Initiative - creation of village-level renewable energy associations, access to appropriate energy services (solar and micro-hydro systems), promotion of energy independence, rural electrification, and improved sector governance, and increasing use of cleaner, alternatives fuels; 3) President's Initiative Against Illegal Logging - enhanced environmental governance practices, supported assessments of tenurial status of forestlands, providing sustainable livelihood options, and resource management through community consultation, environmental law enforcement, and conflict mediation; 4) Global Climate Change - technical assistance to promote use of renewable energy and cleaner fuels, and campaigns to promote "low carbon" behavior; 5) Global Fund to Fight AIDS, Tuberculosis, and Malaria - provision of quality tuberculosis treatment in regions where service delivery is especially difficult and review of the GRP's proposals on HIV/AIDS and Malaria to the Global Fund; 6) President's Emergency Plan For AIDS Relief - providing HIV/AIDS education to high-risk groups and surveillance; and 7) Faith-based and Community Initiatives - developing fatwas (religious edicts) with the Islamic religious community in support of family planning and marine resources conservation in Muslim communities.

Environmental Compliance: USAID reviewed all strategic objectives and determined that current activities are compliant with approved Initial Environmental Examinations (IEEs) as well as all underlying Agency Environmental Procedures. Required monitoring and mitigation measures are being followed by both USAID staff and implementing partners. In 2005, USAID conducted a comprehensive environmental compliance review to verify the status of all new and ongoing objectives and activities with respect to their corresponding IEEs. The review identified needs for updating individual IEEs, and mapped out an environmental compliance approach for the new USAID strategy in the Philippines that incorporates current Agency best practices. As a result, "umbrella" type IEEs have been developed for each of the five USAID objectives in the Philippines, four of which have been approved (USAID expects to finalize and submit for approval the remaining family planning and health IEE during FY 2006). The new IEEs, aside from bringing the USAID portfolio into 100% compliance, institute a screening process for any new activities that will encourage a more proactive stance in incorporating environmental concerns into activity design and management. In support of the updated approach, USAID, with support from the Asia Near East Bureau, intends to conduct environmental compliance training for USAID staff and implementing partners during the second quarter of 2006.

B. FY 05 Performance Narrative:

492-001: Accelerate the Economic Transformation of Mindanao

Performance Goal: Stable political and economic conditions that prevent terrorism from flourishing in fragile or failing states.

FY 05 Performance Overview:

FY 05 Performance:

Strategic and Special Objective Closeout Report: SO 1 has fully dispersed its funds and is closed out as of FY 2005. Activities supported are recorded under SO 12, "Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence." SO 1's results and closeout report will be accounted for as part of SO 12's closeout report when that Program is completed.

492-002: Performance of Selected Government Institutions Improved

Performance Goal: Institutions, laws, and policies foster private sector led growth, macroeconomic stability, and poverty reduction

FY 05 Performance Overview: The Economic Growth and Governance Program addresses challenges that hamper economic performance including a weak investment climate, lack of competition, inadequate revenue generation, corruption and poor governance, inappropriate or poorly enforced regulations, and backlogged courts. While USAID made progress towards the performance goal during FY 2005, it did not reach most of its targets as measured by the performance indicators, largely because high-level reform efforts stagnated or were postponed as a result of the political challenges facing President Arroyo's administration during the year.

USAID assistance helped the GRP increase revenue collection at the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), though the gains were slightly short of the ambitious targets that had been set. BIR and BOC tax collections were 14.5% and 12% higher than last year, respectively. The ratio of domestic tax revenue to GDP also increased slightly from 12.3% in FY 2004 to 12.6% in FY 2005. Private sector employment for both males and females posted modest growth rates at 1.2% and 1.3%, respectively, while total employment grew by 1.5%. With the exception of the expanded use of mediation by the courts, however, these gains were below USAID's targets. Several factors explain these results. Businesses successfully practiced tax avoidance, accelerating tax payments into 2004 to avoid higher rates in 2005. The temporary postponement of the expanded value added tax (e-VAT) law by the Supreme Court slowed the increase in revenue generation. Perhaps most importantly, however, the dramatic resignation of most of the GRP's top economic management team on July 8, 2005 represented a temporary setback to the reform effort, and resulted in a subsequent shortfall in tax collections. Furthermore, the allegations of corruption and election fraud against the administration of President Arroyo also resulted in a slight deterioration in the Corruption Perception Index, despite the real progress made by the Office of the Ombudsman and other GRP partners in prosecuting corrupt officials and instituting procedural reforms to prevent corruption. Political uncertainty during the summer of 2005 also contributed to a lack of business confidence and deferred investment decisions that played a part in the slow rates of job creation. Overall, the prevailing state of political uncertainty made it more difficult for the GRP to regain the economic reform momentum that it had going into FY 2005. In addition, most of the current performance indicators of the objective are macro-level indicators that are not solely affected or caused by the activities implemented under the Economic Growth and Governance Program and are therefore outside its manageable interest. As a result, USAID is considering a revision of its performance indicators to include targets that are more closely related and attributable to the activities implemented.

USAID's program is aligned with the Asia Near East Bureau's Strategic Priorities of Winning the War Against Terrorism, Making National Governments Work, and Creating 21st Century Jobs.

FY 05 Performance:

Improve Economic Policy and the Business Environment

In the latter part of FY 2004, President Arroyo highlighted the fiscal deficit as a major problem for the government and the country, and has led the effort to improve the fiscal situation. Raising revenues to take control of the fiscal deficit became the government's top economic priority. Tax collections from the BIR, the largest source of revenues, have steadily declined from 13% of GDP in 1997 to less than 10% of GDP today. The GRP's inability to mobilize sufficient revenues has increased the burden of financing the national debt - debt servicing has increased from less than 20% of government spending to nearly 30% of government spending today, crowding out other critical public spending. In FY 2005, USAID's assistance to improve economic policy and the business environment in the country focused on the implementation and support for policy reforms and strengthening of economic institutions. Given the fiscal situation, technical assistance emphasized improving tax administration to raise revenue collections using various procedural upgrades in the present institutional setup of revenue collection agencies. USAID provided technical support to the initiatives of the BIR to raise revenues and implement the Lateral Attrition Law

through the development and installation of a performance management system (PMS) at the agency's Large Taxpayer Service (LTS), which accounts for about 50% of the total BIR tax collection. The PMS reportedly led to greater efficiency in tax collection in the later part of FY 2005. Under the PMS, BIR-LTS staff members are measured on objective performance standards and should be motivated to work more efficiently. USAID provided technical assistance in the drafting of the Implementing Rules and Regulations (IRR) of the Lateral Attrition Act of 2005, a law designed to improve the performance of personnel in the major revenue collection agencies. To inform the public about the new e-VAT law, USAID supported the development, production, and distribution of primers in various Filipino languages.

Increase Trade and Investment

Despite the GRP's overall progress on tariff reduction, some backsliding has occurred in the form of rate increases and lingering high tariffs for sensitive industrial and agricultural products. The GRP has made trade-related commitments on customs valuation, trade facilitation, import licensing, sanitary and phytosanitary standards, and rules of origin, full implementation of which will boost GRP's competitiveness. The GRP also seeks to increase investments by improving the investment climate for foreign investors. In FY 2005, USAID's technical assistance focused on expanding trade and investment through improving trade facilitation, liberalizing and facilitating investment, and promoting efficiency, greater competition and private sector involvement, particularly in the telecommunications, information communication technology, and transportation industries. USAID provided technical assistance to the National Telecommunications Commission in drafting two separate major regulations that: 1) classified voice over internet protocol (VOIP) transmissions as a value-added service; and, 2) allows cellular mobile telephone service providers to offer innovative price plans. These new regulations are expected to result in greater competition, i.e., lower prices, more choices, and innovative offerings to consumers.

USAID provided technical assistance to the Bureau of Customs in assessing the performance and capability of its Post Entry Audit Group in performing its audit functions. In the area of trade promotion, USAID supported the regional consultations on the Philippine National Export Development Plan. The Export Development Council, Department of Trade and Industry, and Philippine Exporters Confederation spearheaded the preparation of the Export Development Plan, which was approved by President Arroyo in February 2005. USAID also supported the National Export Summit as an initial step in implementing the Plan. The Summit resulted in a number of commitments from various government agencies to promote the GRP's export plan and continue the commitment to greater trade liberalization.

USAID provided technical assistance and logistical support to the Department of Agriculture's (DA) Agricultural Policy Reform Agenda. The objective of this assistance is to help the DA in the formulation of a clearly defined and integrated policy reform agenda for the agriculture sector with broad multi-stakeholder support. USAID provided technical assistance in the form of policy studies and support to the conduct of dialogues and regional consultations with the GRP and civil society groups. USAID support resulted in the DA drafting the protocols for evaluation and monitoring of biotechnology for insect resistance management (IRM). The IRM protocols have been approved and are now in use. USAID also provided technical assistance to the Bureau of Food and Drugs in the drafting of guidelines on the labeling of processed foods containing genetically modified organisms. The guidelines were approved by the DA in 2005 but are still being reviewed by the Policy Division of the Department of Health.

USAID provided technical assistance in the drafting of Executive Order 1780-B, which allows the commercialization of private ports under the Road Roll-on Roll-off Terminal System. This is expected to increase competition, lower transport costs, and increase the volume of goods on the market, particularly for more remote locations. To encourage greater private sector participation in infrastructure investment through improved contract governance, USAID provided logistical support and technical assistance for the public hearing on the proposed amendments to the Build-Operate-Transfer law IRR.

Promote And Support Anti-Corruption Reforms

Filipinos and international investors alike remain skeptical that the GRP has made meaningful headway in the fight against corruption. While indications are that corruption indeed remains pervasive in the Philippines, there are nevertheless grounds for cautious optimism. USAID has been supporting the GRP's anti-corruption efforts through capacity building, institutional improvements, and civil society strengthening. USAID provided technical assistance to the Anti-Money Laundering Council (AMLC); AMLC's improved performance led to the removal of the Philippines from the Financial Action Task Force Non-Cooperating Countries list and the country's admission to the Egmont Group, further strengthening the cooperative effort by countries around the world to focus on research, analysis, and information exchange to combat money laundering. USAID training and capacity building resulted in an increased conviction rate of corrupt government officials by the Office of the Ombudsman from a dismal 6% in 2002 to 30% in 2005. The Ombudsman also initiated the dismissal of 19 GRP officials as of FY 2005. USAID supported the training of the Departments of Finance and Justice staff on the filing of cases against tax evaders under the Run After Tax Evaders (RATE) Program. This is considered a critical anti-corruption program because tax evasion is often a component of corruption. In its five months of operations beginning February 2005, the RATE program was able to file 21 tax evasion cases with the Department of Justice (DOJ) against high-ranking GRP officials. To implement the procurement law, USAID has helped train some 700 volunteers from civil society to participate on Bids and Awards Committees (BAC). USAID helped establish a feedback mechanism for BAC observers to report procurement irregularities to the Office of the Ombudsman. It has been pilot tested in both national level agencies such as the BIR and regional branches of the Department of Public Works and Highways, and in selected local government units. The Office of the Ombudsman is set to issue guidelines for filing complaints on procurement irregularities soon.

Promote and Support Credible Elections Processes

Observers of the May 10, 2004 national elections pointed to an electoral system that is in great need of reform. While noting the positive aspects of the election's conduct - high voter turnout and participation of more than 700,000 domestic volunteer election monitors, the 2004 elections assessment produced by the USAID-supported Consortium for Elections and Political Processes Strengthening (CEPPS) noted significant shortcomings. Of these, CEPPS highlighted the low credibility of the Commission on Elections (COMELEC) and its failure to modernize the voting and tabulation process as particularly problematic. The allegations of election fraud against President Arroyo and COMELEC officials that surfaced again in the summer of 2005 have further underscored the need for reform.

Based on the CEPPS assessment, USAID has focused its assistance on improving election management and administration. During FY 2005, USAID supported (through CEPPS) the International Foundation for Election Systems (IFES) to conduct a comprehensive review of COMELEC's modernization plans. USAID also supported voter education and domestic monitoring efforts for the August 2005 elections in the Autonomous Region in Muslim Mindanao (ARMM). With USAID assistance, ARMM NGOs formed the first Muslim coalition for electoral reform in the ARMM and the Citizens Coalition for ARMM Elections (CCA), and agreed on a common program for voter education and domestic monitoring. Subsequently, CCAE conducted trainers' trainings throughout the ARMM and fielded teams of domestic election monitors in all five ARMM provinces and Marawi City on election day.

Reduce Trafficking In Persons

The 2005 U.S. State Department Trafficking in Persons report again described the Philippines as a source, transit, and destination country for men, women, and children trafficked for the purposes of sexual exploitation and forced labor. Although the GRP made increasing efforts to implement its anti-trafficking in persons law, there is a critical need for improved progress in law enforcement that will lead to convictions of traffickers. The first convictions under the 2003 anti-trafficking law occurred in November and December 2005. In FY 2005, USAID supported activities that increased the prosecution of

traffickers, assisted in the protection of victims, and worked to prevent the trafficking of vulnerable persons. As of June 2005, the DOJ reported 63 trafficking cases filed under the trafficking in persons law. In FY 2005, USAID's NGO partner, the Visayan Forum Foundation, assisted over 500 victims and potential victims of trafficking. USAID supported an anti-trafficking in persons road show campaign in three major cities, namely, Zamboanga City, Tacloban City, and Davao City, identified as trafficking hotspots. The road show included training, awareness campaign, and establishment of local anti-trafficking taskforces. More than 112 prosecutors, law enforcers, and service providers were trained on the Philippines' anti-trafficking law. USAID also supported the training of 55 Philippine National Police (PNP) desk officers on the anti-trafficking law. The grant to an NGO conducting a media campaign on trafficking produced 39 episodes of a 30-minute daily radio drama, and 34 30-second radio spots on anti-trafficking aired on over 48 radio stations nationwide.

Strengthen The Financial Services Sector and Increase Access to Capital

The basic function of financial markets in managing and redistributing economic savings takes on a critical role in a country with scarce capital such as the Philippines. A vibrant banking and capital market not only maximizes the opportunities for relatively limited domestic funds, but also serves a critical function in attracting and channeling foreign investments that would lead to more rapid economic growth. USAID's technical assistance in the banking and capital markets sector has the dual intention of providing for the needs of the general public and of the economy at large. In FY 2005, USAID continued to support improved policies for financial sector development, including the creation of an enhanced enabling environment for microfinance. USAID provided technical assistance in drafting the performance standards for all types of microfinance institutions, which are now being adopted and implemented by the proposed users, such as regulators, government financial institutions, rural bankers associations, and microfinance councils. USAID technical assistance helped complete the manual of rules and regulations for savings and credit cooperatives, which is currently being presented in regional consultations.

With USAID technical assistance, the Philippine Dealing and Exchange Corporation (PDEX) opened its inter-dealer trading platform on March 28, 2005, and is scheduled to launch a public market for fixed income financial instruments in early 2006. The PDEX operates and maintains the trading system for government securities and other debt instruments, and is expected to provide a needed boost in the capital market by increasing the mobilization of debt financing.

Strengthen the Justice Sector

The judiciary, under Supreme Court Chief Justice Hilario Davide, who is scheduled to retire on December 20, 2005, has taken significant strides towards judicial reform. Under his visionary leadership, the Supreme Court adopted in 2000 a comprehensive Action Plan for Judicial Reform 2001-2006 (APJR). USAID continues to support the APJR through its partnership with various organizations that assist the judiciary in implementing its reform efforts. In FY 2005, USAID's assistance in the area of justice sector reform focused on activities that: 1) promote the institutionalization of alternative dispute resolution (ADR) at various levels of the judicial system; 2) reduce court decongestion and delay; 3) increase judicial transparency and accountability; 4) improve case management in courts; and 5) promote judicial and legal professional standards. With USAID's expanded technical assistance in FY 2005, a total of 24,774 cases were referred to mediation to help ease the heavily clogged dockets of the courts. USAID's support for the expansion of mediation at the community level resulted in a total of 5,292 cases mediated, with about 70% reaching settlement or resolution. Community level mediation was expanded to include 196 more communities in the ARMM, bringing the total since 2002 to 746 communities. USAID also supported the jail decongestion program that resulted in the release of 1,575 prisoners, including 138 women, who overstayed their sentence due to administrative backlog. USAID provided training on economic development and judicial reform to 473 judges, 130 of whom were women, and training on ethics and the new code of conduct to 1,300 participants including 729 female court personnel. USAID also provided technical assistance and support to the anti-graft court, which resulted in the court's support of continuous trial as a major step to shortening the duration of trials and reducing case backlog - thus making it easier to try and convict corrupt officials in a timely manner.

SO: 492-002

SO Title: Performance of Selected Government Institutions Improved

Program Title: Economic Governance

Status: Continuing

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
Corruption Perception Index	5	2004	3	+	2.6	0	2.5	0	2.6	2.7	2.5	2.7	2005
Domestic Tax Revenue to GDP Ratio	3	2000	11	+	10.3	11	12	12	12.3	13	12.6	13	2004
Expanded Use of Court- Referred Mediation and Other Forms of ADR Resulting in an Increase in the No. of Cases Referred for Mediation	3	2004	20000	+	0	0	0	0	20000	23000	24774	28000	2005
Growth in Private Sector Employment (Female)	2	2000	-1	+	5.4	5	2.6	5	5.3	5	1.3	3	2004
Growth in Private Sector Employment (Male)	2	2000	-1	+	2	5	3	5	4.5	5	1.2	3	2004
Growth in Total BIR Tax Collections	4	2004	10	+	1.5	0	7.8	0	10	15.8	14.5	15.5	2005
Growth in Total BOC Tax Collections	4	2004	15	+	0	0	10.2	0	15.4	18.2	12	13	2005

492-003: Desired Family Size and Improved Health Sustainably Achieved

Performance Goal: Improved global health, including child, maternal, and reproductive health, and the reduction of abortion and disease, especially HIV/AIDS, malaria, and tuberculosis

FY 05 Performance Overview: USAID's approach to the health sector in the Philippines seeks to: 1) improve public sector services at the local level; 2) strengthen and expand the role of the private sector in health care delivery; 3) support policies that increase access to and financing for health services, particularly for tuberculosis treatment and family planning services; and 4) increase the access to accurate information of the general public on family planning services and contraceptives. The program is, by and large, on track with performance targets and planned outputs in family planning, except for in the Autonomous Region in Muslim Mindanao (ARMM) where the program fell short in achieving the target for contraceptive prevalence rate for modern methods. Despite the Government of the Philippines' (GRP) phase down of contraceptive allocations to local government units (LGUs), there was a moderate increase in the contraceptive prevalence rate for modern methods from 35.1 in FY 2004 to 35.9 in FY 2005, and there was no significant negative impact in the overall contraceptive prevalence rate. Possibly, as a consequence of the commodity phase down, the share of the private sector in the provision of family planning supplies and services increased from 33.1% in 2004 to 35.6% in 2005, exceeding the target of 34.6%. Program performance outputs for tuberculosis and HIV/AIDS have met targets set for 2005.

Improving health outcomes in ARMM continues to be a major challenge, as is coordination of international donor assistance there. USAID is helping establish a framework to coordinate donor investment to the ARMM health sector and for the region's health authorities to capitalize, maximize and take full advantage of donor inputs to the region. In FY 2006, a priority for USAID is to consolidate and expand program activities in the ARMM. USAID will also intensify technical assistance to local government units to target the poor and effectively mobilize local and private sector investment to maintain the needed supply of contraceptives, prevent and control of infectious diseases, and address other priority health needs of the population. For greater impact, private sector efforts in family planning will be merged with other health activities. The program's activities address the ANE Bureau's Initiative to Winning the War against Terrorism by improving services to those who may be disenfranchised and easily recruited for terrorist efforts.

While there have been significant GRP health delivery initiatives and policy reforms (healthy pregnancy campaigns, maternity care packages, food fortification initiatives, and the policy promoting the country's Contraceptive Self Reliance), many challenges remain including inadequate budget allocations, insufficient micronutrient and family planning commodities, and slow accreditation of facilities and service providers. USAID-supported efforts to get the private sector and business community more involved in health appear to be generating positive results as indicated by notable contributions of the private sector in family planning, TB, and food fortification. Selected LGUs are starting to take up the slack in family planning commodity financing, although at a very small scale, at this point.

USAID's health and family planning program supports the Asia Near East Bureau's strategic priorities of 21st Century Jobs, by contributing to a healthy workforce, and Making National Governments Work. USAID's HIV/AIDS prevention and surveillance assistance in the Philippines also contributes to the President's Emergency Plan for AIDS Relief.

FY 05 Performance:

Improve Child Survival, Health and Nutrition

Micronutrient malnutrition, such as vitamin A deficiency, iodine deficiency disorder, and iron deficiency anemia, continues to affect infants and preschool children. USAID assistance in this area is through vitamin A supplementation and fortification of staple foods and various processed food products. USAID continues to support the vitamin A supplementation efforts of the GRP through the twice yearly supplementation campaign among 6 to 59 months-old children by assisting LGUs improve the provision of vitamin A capsules (VAC). VAC supplementation among the target group declined from 76.0% in 2003

to 73.9% in 2005, however. This is attributed to lack of information materials, delayed arrival and inadequate supply of vitamin A capsules, and competing activities of the Philippines' Department of Health (DOH) during the vitamin A supplementation campaign. While national coverage declined, performance in the ARMM improved from 50.5% to 56.4%, which, however, is still below the target of 85%. The improved coverage in the ARMM can be attributed to a strong community-based delivery system extending to some hard-to-reach areas. FY 2005 saw an increase in the number of products fortified with vitamin A, iron, and iodine, as well as the number of millers and refineries fortifying staple foods. The biggest growth came from the wheat flour and edible oil sectors, with six out of 12 flour millers (up from two in 2004) now fortifying 45 brands of wheat flour being sold to all bakeries nationwide, and 15 out of 46 oil refineries fortifying 33 brands of cooking oil.

Improve Maternal Health and Nutrition

A network of 149 midwife clinics, established with USAID support, are now operating under a business franchise model and are continuing to provide basic maternal health care services to women in key cities and municipalities nationwide. Following the close-out in early 2005 of the cooperative agreement with the U.S. grantee that developed the project under which the midwife clinics were established, the management of the midwife clinics was transferred to a national non-government organization (NGO), the Well-Family Partnerships Foundation, Inc. (WPF). In FY 2005, the midwife clinics served approximately 150,000 clients and generated approximately \$630,000 in clinic revenues from maternal and child health services. WPF pioneered the clinic provision of newborn screening services with the training of 102 of its 149 midwives in newborn screening, an innovation recognized by the DOH.

WPF continues to facilitate accreditation of midwife clinics with the Philippine Health Insurance Corporation (PHIC) for provision of maternity care package to PHIC members and their dependents. Of the 66 midwives accredited by PHIC to date, 41 are clinics franchised under the USAID-initiated program, up from 28 clinics in 2004. In the past eight months, Opportunity Microfinance Bank (OMB) awarded nine business loans totaling approximately \$39,000 to USAID-assisted midwife clinics. The loan program with OMB is covered by a guarantee from USAID's Development Credit Authority. OMB reported a 100% repayment among its midwife loan clients to date. In addition, USAID efforts with the global Banking on Health project to expand the loan program to midwives outside of the Well-Family network has generated financing assistance to six more midwives. The loan program for midwives has not accelerated as fast as expected, but there is increasing interest among financial institutions. In September 2005, 36 new financing institutions (cooperatives, rural banks, microfinance NGOs) signified interest to provide loans to midwives.

Prevent and Control Infectious Diseases Of Major Importance

Tuberculosis continues to be the sixth leading cause of death in the Philippines, but significant strides have been made in recent years in increasing detection and treatment. To date, the country has achieved a TB case detection rate of 70%, thus achieving the national and global target of 70%. The national TB treatment success rate is currently at 88%, above the national target of 85%. USAID has met its FY 2005 target of 73% of participating units achieving 85% TB success rate. While the national performance levels are already high, many locales are still way below target levels given the difficulty of breaking down the stigma of TB that keeps 50% of those infected from seeking care. A new activity will be designed in FY 2006 addressing the stigma of TB.

USAID assistance contributed significantly to increasing the availability of quality Directly Observed Treatment-Short course (DOTS), the international standard for effective TB treatment, in the National Capital Region and in five provinces of the country where service delivery is especially difficult. In FY 2005, the private sector expanded the provision of quality TB services to 30 service delivery points, including multi-specialty clinics, hospital-based public-private medical doctors, clinics and workplace models. USAID contributed to the DOTS expansion by helping the DOH to increase its use by about 18% in public and private clinics. The use of the community-based management information system enabled

LGUs to identify TB symptomatics who are not consulting any health provider. USAID-supported training of TB microscopists and 3,000 private sector physicians on basic DOTS resulted in substantial improvements in capacity to implement DOTS by health workers. Improved treatment guidelines using DOTS and a certification system for public and private sector DOTS centers for PHIC accreditation have been completed. DOTS certification has been institutionalized through a DOH Department Order to ensure sustained progress. To date, 30 DOTS centers have been certified by PHIC. USAID technical assistance to the Department of Labor and Employment (DOLE) led to a Department Order promoting TB control in the workplace. With USAID assistance, DOTS has now been integrated in the curriculum in 10 major medical schools. DOTS core curriculum is also being introduced in other allied medical courses (medical technology, nursing and pharmacy). In mid-2005, two new grants under USAID/Washington's Child Survival and Health Grants Program were awarded to Lanao del Sur and Maguindanao provinces in the ARMM to implement projects on integrated management of childhood illnesses and tuberculosis control, respectively.

Reduce Transmission and Impact Of HIV/AIDS

Many Filipinos in high-risk groups engage in practices that could lead to accelerated HIV infection rates. Surveillance work has shown that sexually transmitted diseases, particularly syphilis, are at dangerously high levels (5% in the high-risk groups). Prostitution in the Philippines is widespread, with an estimated 250,000-plus people engaged in prostitution. Injecting drug use is on the rise. Studies show that low use of condoms in high-risk sexual encounters and inadequate cleaning and control of needles and syringes used by injecting drug users pose a threat to the continued containment of HIV/AIDS. Despite this, the Philippines has largely avoided the explosive HIV/AIDS epidemic experienced in other countries. USAID continues to support HIV/AIDS education of high-risk groups and surveillance. HIV seroprevalence rates among high-risk groups have remained below 3% in all 10 sentinel sites, achieving the program target.

The Philippines was one of the first countries in 1993 to initiate a comprehensive surveillance system that included HIV serologic surveillance and systematic surveillance of risk behaviors. USAID strengthened the current surveillance systems resulting in fewer refusals to blood sample drawing and better data quality. USAID support enabled LGUs and local AIDS councils to provide counseling on risk reduction, including negotiation skills on condom use and safe injection practices, to 4,431 people in prostitution, 6,014 men who have sex with men and 441 injecting drug users. Survey data in 2005 showed generally increasing levels of condom use rates by the high-risk groups from 35% in 2003 to 67% in 2005 during the last sexual encounter with non-regular partners.

To meet the growing threat of HIV/AIDS, U.S. Embassy Manila's Country Team Inter-agency Committee, chaired by USAID, continues to monitor and guide USG investment in HIV/AIDS control in support of the President's Emergency Plan For AIDS Relief. The Committee reviewed the GRP's proposals on HIV/AIDS and Malaria to the Global Fund to Fight AIDS, Tuberculosis, and Malaria and provided comments to the U.S. Department of State's Office of the Global AIDS Coordinator during the fifth round grants approval. The Committee recommended funding the GRP's proposal for the National Demographic and Health Survey.

Support Family Planning

Family planning information dissemination and improving access to services are slowly but surely, showing some impact as people with unmet need for family planning services declined from 37% of the population in 1986 to 17% in 2003, as noted in the National Demographic Health Survey, which is conducted every five-years. Consequently, intent to use contraception among non-users increased from 33% to 40% in the past five years. USAID's information, education and communication activities contributed significantly in bringing about this change. Multi-media approaches to disseminate accurate family planning information are estimated to have reached an audience of about 2.6 million Filipinos in the past year. Fifty-seven partner organizations and around 2,000 community-based and sectoral leaders carried out family planning forums, orientations, and seminars reaching at least 70,000 men and women

of reproductive age. The Family Planning Hotline, which USAID launched in August 2004, received 25,000 queries in its first year of operation. The ratio of positive to negative articles on family planning and population in national dailies increased to 7:1 in 2005 from 5:1 in 2004. Through USAID assistance, free media coverage and airtime from print and radio was generated in the amount of approximately \$1.3 million.

Results from the 2005 Family Planning Survey indicate a sustained level of family planning practice despite the phase down of donated commodities. The contraceptive prevalence rate for modern methods, although a half point short from the target, has nevertheless increased from the 2004 level by roughly 1%, except for in the ARMM where contraceptive prevalence rate for modern methods decreased slightly from FY 2004 level. The increase in contraceptive use is attributed to the increased use of oral contraceptives and a decline in the practice of traditional methods. The increases may be modest but are nevertheless significant considering that the implementation of the GRP's Contraceptive Self-Reliance Program, a program to ensure that the GRP and LGUs become responsible for contraceptive supply, started this year. As expected, private sector contribution to the provision of family planning supplies and services increased by more than 2% over the 2004 level. It appears that the phase down of free supplies is enabling growth and expansion of commercial market products and services. The hormonal contraceptive market has expanded, and sales of two such products marketed with USAID assistance has increased: the Lady Pill reached 1.2 million cycles while sales for Depotrust reached 240,000 vials. The Lady Pill growth rate translates to an impressive 129% against the total pill market growth rate of 14%. In FY 2005, five new brands of hormonal contraceptives were registered with the Philippines' Department of Health Bureau of Food and Drug Administration, indicating increasing commercial investment by the private sector in contraceptive commodities, thus providing more options for users.

USAID assistance has resulted in a growing investment by LGUs to fill the gap in family planning commodities. Using their own funds, LGUs procured 114,000 cycles of contraceptive pills (where one cycle equals one-month's supply of pills) and 40,000 vials of injections (where one vial offers three-months protection). To strengthen service delivery, USAID trained some 4,000 health providers from the public sector and over two hundred midwives in the private sector on contraceptive technology, counseling and provision of family planning services.

USAID continues priority assistance for the health improvement of the ARMM. With USAID assistance, the Tawi-Tawi Floating Clinic has now provided services to more than 2,600 clients in the far-flung island communities of Tawi-Tawi province. Services provided by the floating clinic include family planning and maternal and child health services, tuberculosis control, and surgical and dental services. The national fatwa (Islamic religious edict) in support of family planning issued in late 2003 continues to be disseminated to the widest audience in the ARMM through radio, Friday sermons at the mosques, and other community gatherings. This goes a long way in dispelling the erroneous but widely held belief that Islam forbids the practice of family planning. The increased use of evidence-based family planning information and technology has also helped address misconceptions about family planning-related side effects.

USAID's family planning program in the Philippines has focused almost exclusively on women and may have missed opportunities to effectively involve men to address the continuing challenge of low acceptance and use of family planning in the country. USAID's design of future family planning, and indeed all health activities, will place greater emphasis on involving men, including better incorporating into research, monitoring, communications, and services men's specific situations and needs.

All family planning assistance agreements incorporate clauses that implement the President's directive restoring the Mexico City policy.

Changes to SO: USAID will expand health promotion activities associated with all components of the Strategic Objective. USAID will pursue merging family planning with other components of reproductive health services like maternal health. USAID will strengthen maternal health care interventions under current activities. Furthermore, USAID will also design and implement activities that are specifically focused in the ARMM.

SO: 492-003

SO Title: Desired Family Size and Improved Health Sustainably Achieved

Program Title: Family Planning and Health

Status: Continuing

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
% of FP users obtaining supplies and services from private sector sources	5	2000	25	+	28.5	29.1	29.2	30.6	33.1	34.6	35.6	36.1	2004
% of HIV sentinel sites with <3% HIV/AIDS sero-prevalence among high risk groups	5	2000	0	+	100	100	100	100	100	100	100	100	2004
% of participating units achieving at least 85% treatment success rate for TB	5	2000	0	+	0	61	0	64	70	73	72.5	76	2003
Contraceptive Prevalence Rate (modern methods)	5	2000	32	+	35.1	36.1	33.4	37.6	35.1	36.4	35.9	37	2004
CPR for modern methods in ARMM	5	2004	12	+	0	0	0	0	11.5	12.5	11.2	12.2	2004

492-004: Management of Productive, Life-Sustaining Natural Resources Strengthened

Performance Goal: Partnerships, initiatives, and implemented international treaties and agreements that protect the environment and promote efficient energy use and resource management

FY 05 Performance Overview: USAID's Environment and Energy Program addresses four key challenges to the country's valuable natural resource base: competitiveness in the energy sector; corruption; conflict; and, conservation. Severe environmental degradation, an inefficient energy sector, and heavily polluted air and water, among other factors, undermine the competitiveness of the Philippine economy and quality of life of the Filipino people. Poor governance, corruption, and population pressure are in part to blame, and resultant conflict further marginalizes the rural poor and minority populations most dependent on natural resources for their food and livelihoods. To address these challenges, USAID works to improve management of natural resources and biodiversity; expand access to appropriate energy services, reduce pollution, and increase access to water and sanitation. The program focuses on conflict-affected areas of Mindanao, as well as on high-biodiversity sites, collaborating closely with other USAID programs in those areas. In FY 2005, USAID initiated five major new activities, and designed expanded efforts in water and sanitation. The program portfolio includes several successful ongoing public-private alliances, leveraging resources and commitment from a diverse array of partners. USAID's Environment and Energy Program enjoys effective working relationships with partner GRP institutions, including the Department of Environment and Natural Resources (DENR), the Department of Energy (DOE), and the Department of Agriculture's Bureau of Fisheries (BFAR). Program objectives and activities are aligned with U.S. Government objectives, as well as with the Asia Near East Bureau's strategic priorities of Winning the War Against Terrorism, Making National Governments Work, and Launching a Blue Revolution. The program contributes to Presidential Initiatives on: Water for the Poor; Global Climate Change; Clean Energy; and Illegal Logging.

USAID met expectations, achieving the program's FY 2005 targets in improved natural resource management, avoidance of greenhouse gas emissions, and increased access to energy, water, and sanitation services. In natural resource management, the program helped place an additional 73,851 hectares of land under improved management. In FY 2005, rural electrification and air pollution mitigation efforts helped the country to avoid 4,083 tons of carbon dioxide emissions. In conflict-affected areas of Mindanao, 16,822 rural residents had their homes electrified for the first time. USAID also improved access to clean water and sanitation for 68,404 and 5,700 people, respectively. Despite the excellent progress, the program's ability to respond effectively to new opportunities - particularly those related to the Bureau's Blue Revolution Initiative - is constrained by a shrinking budget and a high proportion of earmarked funds.

The program paid constant attention to integrating gender issues and opportunities into its activities. Efforts to cultivate leadership skills among Muslim women leaders of village-level renewable energy associations in Mindanao continued. A new Population-Health-Environment (PHE) activity in coastal areas attracted increasing numbers of men to reproductive health training. Design of a new sanitation activity capitalizes on the central role played by women in household sanitation decisions.

FY 05 Performance:

Expand and Improve Access To Economic and Social Infrastructure

The Philippines' heavy reliance on foreign sources of energy for the power and transport sectors hinders its economic development efforts. The costs of power generation and transportation remain high, resulting in an unfavorable investment climate. Remote communities, particularly those in conflict-affected areas, remain without access to electricity. In response, USAID supports efforts of the Philippine DOE to promote energy independence, rural electrification, and improved sector governance. In FY 2005, USAID launched two major energy activities: Phase 2 of the Alliance for Mindanao Off Grid Renewable Energy (AMORE 2); and the new Energy and Clean Air Project.

During the initial year of AMORE 2, USAID and principal U.S. private sector partner, Mirant Corporation,

provided electricity to 16,822 individuals in 86 remote and conflict-affected villages in Mindanao using solar and micro-hydro systems, bringing cumulative electrification totals to 42,352 people in 227 villages. To date, AMORE's village-level renewable energy associations have raised over \$180,000 - a significant amount coming from the poorest communities in the Philippines - to ensure the maintenance of their energy systems. Even more impressive is that several AMORE beneficiary communities have electrified additional households using self-raised and leveraged funds. The successful AMORE alliance continued to attract new partners, including the British Embassy and the Peace and Equity Foundation for provision of water systems, and Shell Solar and the Philippine National Oil Company for additional solar panels. AMORE also initiated a major new partnership with SunPower, a U.S. solar cell manufacturer, focused on school electrification. To date, AMORE has electrified 63 schools, and in partnership with USAID's education program, is helping to bring solar-powered distance education to thousands of Muslim schoolchildren.

USAID continued to strengthen power sector governance with targeted support to the DOE, the Energy Regulatory Commission (ERC), and other energy sector entities. With USAID assistance, the ERC developed guidelines for open access transmission and distribution, instituted an internal Code of Ethics, and improved administrative hearing and adjudicative processes through training from the U.S. National Judicial Academy. Information exchanges and technical assistance contributed to informed deliberations on key pending legislation, including the Renewable Energy Bill and the Biofuels Bill. As part of this effort, USAID joined forces with UNDP to conduct a renewable energy study tour to California for members of the Philippine House Energy Committee.

Efforts to develop cleaner and renewable energy sources continued to meet with success. In the transport sector, gas station franchises collaborating with USAID's Clean Cities Program launched coco-methyl ester (CME) pre-blended diesel and bioethanol pre-blended gasoline at their pumps in targeted urban centers. Increasing use of these cleaner, alternative fuels can help reduce the country's dependence on imported oil, create new economic opportunities for coconut and sugar farmers, and help to mitigate severe urban air pollution. In FY 2005, domestic producers sold over 193,360 liters of CME, double production in 2004. Once passed, the Biofuels Bill will provide incentives for domestic production of ethanol. In FY 2005, USAID support to DOE energy investment bidding rounds resulted in investor expressions of interest on 16 potential wind energy sites throughout the country. In cooperation with the U.S. DOE and the U.S. National Renewable Energy Laboratory, USAID will explore public-private partnerships with some of these new wind investors during the coming year.

Improve Access To Clean Water and Sanitation

Limited access to clean water and sanitation represents a serious problem throughout the country, undermining health, economic productivity, and biodiversity. Recent World Bank and GRP statistics paint a grim picture. Only 36% of the country's river systems are clean enough for public water supply, and 58% of groundwater is contaminated. Over 30% of illnesses reported over a recent five-year period were due to water-borne diseases. Annual economic losses due to water pollution were estimated at \$1.3 billion in 2002. USAID is working to increase private investment in water supply and sanitation, improving rural access to potable water, and promoting low-cost approaches to household-level sanitation.

In FY 2005, USAID improved access to potable water for 68,404 people in Mindanao, through rehabilitation and upgrading of water systems, rainwater catchments systems, and promotion of household water supply disinfection. Under the U.S.-Japan Clean Water for People Initiative, USAID continued working with the Japan Bank for International Cooperation (JBIC) and local stakeholders on design of the proposed Philippine Water Revolving Fund (PWRF). Design efforts of the PWRF have been informed by a separate initiative, the ongoing Municipal Water Loan Financing Initiative, which is providing valuable lessons on constraints to private sector investment in water infrastructure. Subject to the availability of resources, USAID plans to finalize design of the PWRF during 2006, combining JBIC capital with a USAID credit guarantee, and complemented by targeted technical assistance, as a means to support creditworthy water infrastructure projects.

In the area of sanitation, USAID continued promotion of low-cost wastewater and sanitation systems. In FY 2005, USAID leveraged \$113,000 of local government resources to establish improved sanitation for 5,700 people in two cities. In collaboration with the Japan International Cooperation Agency (JICA) and U.S. Asia Environmental Partnership (USAEP), USAID helped DENR to develop and conduct public consultations for Implementing Rules and Regulations (IRR) for the Clean Water Act. The IRR, signed into law in May 2005, will serve as an important government tool to combat water pollution. Through USAEP, USAID finalized the "Water Governance Book," a guidebook aimed at local governments that translates requirements of the Act into practical strategies for reducing water pollution.

Improve Sustainable Management Of Natural Resources and Biodiversity

Illegal and destructive fishing and severe over fishing in the Philippines, which is considered a global biodiversity "hotspot," threatens not only biodiversity but also the productivity of the natural resource base and food security. Illegal logging threatens livelihoods, lives, and biodiversity, and is a driving factor in the highest deforestation rate in Southeast Asia. In FY 2005, USAID improved environmental governance practices at both national and local levels, strengthening capacities of governments and communities to manage forest and coastal-marine resources. In doing so, USAID improved management of 551 hectares of marine sanctuaries and 73,300 hectares of coastal-marine areas, exceeding FY 2005 targets. USAID's local partners demonstrated their commitment to improved natural resource governance, with 67 local governments contributing over \$850,000 towards implementation of their natural resource management plans.

In FY 2005, USAID launched Phase 2 of the Environmental Governance Project. This major new activity supports local government and community implementation of forest and coastal-marine resource management plans, integrating the principles of good governance by local and national stakeholders. In FY 2005, USAID conducted environmental governance assessments of 78 local governments, which will serve as a baseline for benchmarking progress of the approximately 100 targeted local governments that USAID expects to work with during the next four years. USAID also supported assessments of tenurial status of 227 landholders on 554,245 hectares of forestlands. Assessment of tenure of these mostly communally managed forests serves as a key first step in mitigating the status quo "open access" regimes that leave critical ecosystems vulnerable to unchecked degradation. USAID's completed its alliance with Masterfoods and the Philippine Cacao Foundation in 2005, having trained 5,268 farmers (1,800 of whom are women) in cocoa production and nursery establishment, and producing 656,046 cacao seedlings from 70 nurseries. Through the alliance, impoverished upland farmers in Mindanao, Luzon, and Palawan obtained a new sustainable livelihood option compatible with conservation of valuable forest resources. Also in FY 2005, USAID's Environmental Justice Project assisted more than 100 indigenous peoples groups, NGOs, and local governments to improve resource management through community consultation, environmental law enforcement, and conflict mediation. With USAID support, DENR adopted a new administrative order on alternative dispute resolution, a tool that will expedite decisions on forestland use and access conflicts between local and central government agencies.

In coastal-marine areas, USAID efforts exceeded FY 2005 targets, placing 73,851 hectares of coastal-marine and marine sanctuaries under improved management in 14 coastal municipalities, including 551 hectares of marine sanctuaries and 73,300 hectares of coastal areas. The performance-based Fisheries Improved for Sustainable Harvest Project set indicators and baselines for monitoring fish stocks in four economically significant marine ecosystems over a seven-year period, within which the project aims to increase fish stocks by 10%. During 2005, USAID also rolled out a cross-sectoral PHE initiative in 10 coastal villages with population growth rate and density exceeding national averages. Over a nine-month period, this initiative established 65 private sector-led health commodity distribution centers supported by 177 trained peer counselors. Initial results showed an increasing number of male participants in traditionally women-dominated reproductive health activities. At the national level, USAID supported BFAR in the first-ever draft of the "Philippine Comprehensive National Fishery Industry Development Plan" and the "National Plan of Action to Combat Illegal, Unreported and Unregulated Fishing," two key but long overdue plans required by the Fisheries Code. Once approved, the Plans will provide a cohesive national framework for tackling resource management and enforcement issues in the fisheries sector.

The program continued its geographic focus on Muslim Mindanao. In the forestry sector, USAID assisted the DENR office in the Autonomous Region in Muslim Mindanao (ARMM) with formulation and issuance of IRRs for the 2004 ARMM Regional Sustainable Forest Management Act. The landmark Act and its associated IRRs, which integrate Islamic principles into sustainable forest management, provide a regionally appropriate framework for improved environmental governance. USAID also supported the efforts of Tawi-Tawi Imams in formulating a pioneering fatwa (Islamic decree) on environment and marine resources conservation in Muslim communities. The fatwa, which should be issued in 2006, will help communities to move from destructive to more sustainable methods of fishing, in areas where traditional enforcement risks exacerbating feelings of disenfranchisement among Muslim communities.

Finally, USAID continues to spearhead USG efforts to launch the Philippine Tropical Forest Conservation Foundation (PTFCF) under the U.S. Tropical Forest Conservation Act. In FY 2005, the PTFCF attained legal status as a registered Filipino organization, hired staff, received \$3.1 million from the GRP Treasury, and began implementation of its strategic plan. By early 2006, the PTFCF is expected to award approximately \$100,000 to 11 local NGOs to support tropical forest conservation in the Philippines. During 2006, the PTFCF expects to make over \$750,000 in grant funds available.

Reduce, Prevent and Mitigate Pollution

The country's increasingly crowded urban centers and coastal towns face serious environmental hazards. Manila's airshed is among the most polluted in the world, largely due to emissions from the transport sector. Forty percent of solid waste remains uncollected, and most of the rest is poorly managed. Together, these problems pose serious health and economic costs, and threaten rich biodiversity in coastal and upland ecosystems. USAID works with a range of stakeholders to improve urban environmental management, implementing activities to reduce vehicle emissions, increase usage of clean, alternative fuels, and promote integrated solid waste management. In 2005, successful USAID activities reducing vehicle emissions, increasing use of cleaner alternative fuels, and expanding village-level solar electrification, resulted in avoidance of 3,091 metric tons of greenhouse gas emissions.

USAID activities in urban centers employed a range of strategies to combat debilitating air pollution. In FY 2005, USAID trained 2,114 public transport drivers in preventive maintenance, a cost-effective means to reduce vehicle emissions, resulting in improved engine efficiency, increased income, and reduced carbon dioxide emissions. Through air pollution control strategies, including more effective enforcement of "smoke belching" laws, the northern city of Baguio saw reduction in total suspended particulates from an unhealthy 261 to an air quality standard compliant 75 micrograms per cubic meter. Through USAEP, USAID reduced hydrocarbon from motorized tricycles by 30% in two cities, and supported drafting of the tricycle emissions standard that will serve as a basis for national emissions monitoring for approximately one million tricycles.

Also in FY 2005, eight USAID partner local governments improved their solid waste management, diverting 15% of wastes to recycling and composting - waste that otherwise would have ended up in coastal areas, rivers, lakes, and drainage systems. The increased reuse and transformation of wastes is opening up livelihood opportunities. In 15 of USAID's targeted cities, new junk shops, recycling centers, and cooperative composting operations have begun to appear. In the area of hazardous waste management, USAID and the USAEP Program helped establish the Chemical and Hazardous Waste Emergency Response Program, training over 500 firefighters and emergency responders. The successful program has been institutionalized by the National Disaster Coordinating Council.

As part of USAID efforts to address global climate change, grantee Manila Observatory launched the novel "Low Carbon Diet" campaign, enlisting local celebrities to promote the "diet" as part of an overall strategy to address global climate change. The campaign urges urban residents to use less energy and water, reduce and recycle waste, and practice other "low carbon" behavior. To help get the message out, the ongoing campaign includes a popular Website and a text-messaging service that provides daily electronic "diet" tips to subscribers.

SO: 492-004

SO Title: Management of Productive, Life-Sustaining Natural Resources Strengthened

Program Title: Environment and Energy

Status: Continuing

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
Carbon dioxide emissions avoided (tons)	5	2005	5177	+	77	0	730	0	1094	5177	5177	9068	2005
Hectares under improved natural resources management	5	2004	42631	+	0	0	0	0	42631	113679	116482	333460	2004
Number of people with access to potable water	5	2004	0	+	0	0	0	0	0	60402	68404	124002	2005
Number of people with access to renewable energy	5	2001	0	+	1800	17640	17040	25920	25530	36900	42352	55446	2003
Number of people with access to sanitation	5	2004	0	+	0	0	0	0	0	5000	5700	125000	2005

492-005: Reduced Growth of Greenhouse Gas Emissions

Performance Goal: Partnerships, initiatives, and implemented international treaties and agreements that protect the environment and promote efficient energy use and resource management

FY 05 Performance Overview:

FY 05 Performance:

Strategic and Special Objective Closeout Report: SO 5 is still active, operating with insignificant funds that support activities being reported under SO 4.

492-006: Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas

Performance Goal: Measures adopted to develop transparent and accountable democratic institutions, laws, and economic and political processes and practices.

FY 05 Performance Overview:

FY 05 Performance:

Strategic and Special Objective Closeout Report: SO Duration: 1993 - 2002

Life of SO Funding: \$50,638,421

Implementing Partner/s: Associates in Rural Development, Inc./Various NGOs

Summary of SO6:

USAID completed in FY 2002 its two-pronged democracy and governance strategy in local governance and civil society, Strategic Objective 6 (SO 6), Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas, a nine year activity initiated in 1993. The first prong dealt with promoting effective local governance with broad-based participation and assisted progressive provinces, municipalities and cities in adopting participatory mechanisms for improved service delivery, environmental management, development investments, resource mobilization, and partnership with business and private sectors. The second prong, the civil society program, focused on effective participation of coalitions of disadvantaged groups in national and local political dialogue. USAID assistance to these coalitions enabled them to analyze and debate policy issues and participate actively in the public policy arena. As these programs came to an end, mechanisms for program continuity and financial sustainability were set in place.

In line with the two program areas, SO 6 had two intermediate results (IRs): 1) effective local government with broad-based participation in selected areas; and 2) effective participation of the disadvantaged. IR 1 ended in January 2001 with some activity elements in FY 2000, folded into SO 2, A More Stable and Competitive Economy (currently, Performance of Selected Government Institutions Improved). IR 2 ended in September 2002.

Indicators selected to demonstrate results were: 1) number of NGO representatives actively participating in local special bodies; 2) net amount of self-generated revenues collected by target LGUs; 3) major issues addressed by coalitions; and 4) the skill level of coalitions in identifying and working with interested parties that share the coalition's agenda.

Local Governance (IR 1):

IR 1 was implemented through the Governance and Local Democracy (GOLD) Project with cumulative obligations of \$23,808,954. GOLD institutionalized its participatory development tools and approaches in 46 of the 75 Philippine provinces, 23 of the 70 plus cities, and more than 400 of the 1,500 municipalities in the Philippines. This is about six times the coverage that USAID originally anticipated with only 20% increase in the LOP cost. Using GOLD's tools, LGUs were able to better promote investments in their communities, manage the environment, get more people involved in governance, and adopt measures of excellence in public service.

GOLD developed and strengthened several mechanisms to ensure program sustainability, including commercialization of technical services by the Centers for Local Governance (CLG), professionalizing the local government leagues, inter-local government unit collaboration, and partnership with national agencies, academe and the private sector. The six CLGs established by the project are all fully operational and capable of providing technical assistance and training to LGUs. Their major expertise

includes technology of participation, planning and budgeting, real property taxation, environmental planning, investment prioritization, public service excellence program, community based feedback mechanism, and participatory strategic organizational assessment. GOLD sites have provided technical assistance to other LGUs. Bulacan province helped the province of Bataan in incorporating real property tax information system in its database. The GOLD sites shared their experiences on inter-LGU collaboration in the management of natural resources, such as on watershed and municipal bays and waters to non-GOLD areas.

Five GOLD-assisted LGUs received the prestigious Galing Pook award for effective and efficient public service: Bulacan province for Information Systems and Technology; Bohol province for cultural tourism and investment promotion; Nueva Vizcaya province for its health sector quality improvement program; Dumaguete City for its integrated livelihood and ecological program; and the municipality of Looc, Romblon for coastal resource management.

GOLD project achievements in the field of information systems and technology included the completion of the Financial Trend Monitoring System Guidebook that was piloted in Sta. Maria municipality in Bulacan province and in Naga City. The Real Property Tax Information System was completed and linked to the Geographic Information System in Bulacan. The Financial Management Information System which combines the functions of treasury, budget, and accounting was completed and pilot tested in the province of Negros Oriental, where the entire system was transferred and made available to other LGUs.

Further, participating LGUs exceeded the target net amount of self-generated revenues. In FY 2000, the LGUs collected pesos 1.3 billion versus a target of pesos 1.2 billion. Major revenue sources included real property, business, and community (residence) taxes. Self-generated revenues are taxes and fees for which LGUs are authorized to set rates and collect for their own budgeted expenditures. "Net" is defined as the total annual tax collections less collection costs.

The Leagues of Local Governments continued to be actively involved in deepening decentralization efforts by collaborating with civil society in formulating local development agenda presented to the administration of President Macapagal-Arroyo. The close working relationship between the national government, through the Department of Interior and Local Government (DILG), and the Leagues was intensified. The President of the League of Provinces and the Union of Local Authorities was designated as the new DILG Secretary.

In the project closeout conference held in January 2001, Governor Josefina de la Cruz of Bulacan Province and Chairperson of the GOLD Project Steering Committee said: "GOLD was instrumental in raising the consciousness level of LGUs to commit to the goals of decentralization. GOLD helped strengthen democracy and empowerment in the Philippines."

A final report of GOLD project activities was provided as part of the "Beyond GOLD: Philippine Local Governance in the 21st Century" closeout conference. The GOLD contractor, Associates in Rural Development, Inc. in February 2001, submitted the report along with a compact disk, which is a GOLD "Library" of lessons learned.

Civil Society (IR 2):

USAID implemented IR 2 through the PVO Co-Financing IV Program (Co-Fi IV), which began in 1993 with a cumulative obligation amount of \$26,829,467. The Program awarded 18 co-financing grants to various local NGOs and U.S. private voluntary organizations (PVOs) and other civil society organizations. Co-Fi IV supported the effective participation of the disadvantaged in the policy arena through coalition building, agenda formulation, and policy research and advocacy. It also supported activities geared toward judicial reform. Marginalized sectors supported under Co-Fi IV included: women, children, urban poor, indigenous peoples, small farmers and farm workers, street traders, fisherfolk and others.

With USAID/Philippines' phase-out of assistance for its stand-alone democracy program in September

2000, Co-Fi IV also supported the financial sustainability activities of nine NGOs, out of 18 co-financing grants, which helped them develop and implement fundraising activities. The financial sustainability program ended in September 2002.

A grant to The Asia Foundation (TAF) resulted in the development of training modules for board development and governance, and various fundraising techniques appropriate for NGOs. This initiative was aimed at weaning USAID's long-time NGO partners from dependence on traditional donor grants.

Advocacy activities focused on monitoring the status of selected bills affecting disadvantaged groups. For example, the coalition of indigenous peoples (IPs) closely monitored the implementation of the Indigenous Peoples Rights Act to ensure the awarding of Certificates of Ancestral Domain Claims to large IP groups like the Manobos and Higaunons of Mindanao.

The coalition of small coconut farmers and farmworkers (BUCO) are now recognized as major stakeholders in the reform of the coconut industry, particularly the recovery of the coconut levy. The levy, imposed during the Marcos regime, generated funds (approximately \$200 million) which were used by Marcos and his cronies to acquire shares of major Philippine companies. The project strengthened the coconut farmers' capacity to focus on issues and engage the government as an equal partner as proven by their participation in top-level government negotiations. BUCO also demonstrated the ability to harness allies from non-farming sectors and the media. The Arroyo administration issued an Executive Order declaring the coconut levy to be public funds. The President urged all stakeholders to "come to a consensus on the best use and effective disposition of the coconut levy, including the implementing mechanisms, which better serve the best interests of the coconut farmers and their families."

Another important achievement of IR2 was the creation and establishment of the Microfinance Council of the Philippines, Inc. (MCPI), an offshoot of the tactical coalition of microfinance institutions (MFIs) that worked on developing and promoting performance standards for the microfinance sector. MCPI seeks to improve board governance of MFIs, especially NGOs, and continue advocating a conducive policy environment for the sector. MCPI was largely responsible for the Bangko Sentral's (Central Bank of the Philippines) recognition of MFIs as vital players in the sector.

IR2 supported the establishment and start-up of the Philippine Council for NGO Certification (PCNC) which is among the first, and probably the most successful attempt at self-regulation by NGOs in the world. From a "phase-out" perspective, this was an important development because USAID was previously responsible for giving NGOs a "seal of good housekeeping" via the PVO registration process-- a process that other donors depended on.

Three coalition grantees also implemented a comprehensive program against abusive forms of child labor. The coalitions facilitated the establishment of more than 500 Barangay Councils for the Protection of Children (BCPCs). The BCPC is a village level multi-sectoral body mandated to formulate policies and programs to promote and protect children's rights, including monitoring compliance with Philippine child labor laws. At the national level, the coalition participated extensively in activities related to the Philippines' ratification of ILO Convention 182 (on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor). The coalition is recognized by the GOP's Department of Labor and Employment, and the donor community, including UNICEF and ILO's International Program to Eliminate Child Labor.

The grantees under Co-Fi IV included: Philippine Business for Social Progress, Gerry Roxas Foundation, The Asia Foundation, Agricultural Cooperative Development International, Corporate Network for Disaster Response, CARE Philippines, American Center for International Labor Solidarity, Volunteers in Overseas Cooperative Assistance, Ayala Foundation, Inc., Mondragon International Philippines, Inc., World Vision Relief and Development, Tulay sa Pag-unlad Development Corporation, and Notre Dame Foundation for Charitable Activities. All co-financing grants submitted their final reports.

This SO contributed to the transformational development goal for USAID assistance to the Philippines.

492-007: Threat of HIV/AIDS and Selected Infectious Diseases Reduced

Performance Goal: Improved global health, including child, maternal, and reproductive health, and the reduction of abortion and disease, especially HIV/AIDS, malaria, and tuberculosis

FY 05 Performance Overview:

FY 05 Performance:

Strategic and Special Objective Closeout Report: SO 7 is still active, and will continue to support activities being reported under SO 3.

492-008: Assistance to Amerasians

Performance Goal: A high performing, well-trained, and diverse workforce aligned with mission requirements.

FY 05 Performance Overview:**FY 05 Performance:**

Strategic and Special Objective Closeout Report: SO Duration: 1996 - 2001

Life of SO Funding: \$649,472

Implementing Partner/s: Pearl S. Buck International, Inc.

Assistance to Amerasians, Strategic Objective 8 (SO 8), was created to respond to the needs of Filipino-American children and the offspring of American military and related personnel, who were left behind when the U.S. military bases were closed down in the Philippines in 1992. Its goal was to assist in the socio-cultural and economic integration of the Amerasians and their families. The program had four components: 1) Job referral and placement, 2) Microenterprise loans and savings mobilization, 3) Skills training and education, and 4) Health and psychosocial interventions. USAID's total funding amounted to \$649,472 for this four-year activity that began in 1996. The activity was extended for an additional year, ending on September 30, 2001.

The SO was implemented through a project entitled, Agencies Collaborating Together With Amerasians, Their Families and Communities (ACTWA), and involved a coalition of organizations, including: Buklod Center; St. Joseph Community Center; Filipino American Association; Association of Mothers and Caregivers of Amerasians; Philippine American Guardian Association; American Association in the Philippines; American Chamber Foundation in the Philippines; Women's Education, Development, Productivity and Research Organization; Daughters of Mary; Help of the Christians; Salesian Fathers; and United NGOs of Olongapo. Pearl S. Buck International Inc. was the implementing partner of the project.

USAID also provided funding for member-organizations of the ACTWA coalition to strengthen their financial sustainability. Five organizations benefited from this aspect of the project. Ninety-two percent of the funds used for financial sustainability activities went to purchase of various equipment and pay for consultancy services in support of financial sustainability activities. Ventures and PeoplesWise gave significant discounts for their consultancy services.

Summary of Results and Impact:

- Health and psychosocial interventions had an 89% rate of accomplishment based on the number of caregivers and Amerasian youth that were targeted (3,850) and those that actually attended the training courses (3,436). Amerasian youth had increased self-confidence, achieved greater self-esteem, improved interpersonal skills and enhanced leadership skills. Caregivers cited an increase in knowledge and skill on health care, herbal medicine, parenting and reproductive health.

- Skills training and education had only achieved 59% of their goal of assisting 703 Amerasian youth with skills training and education, reaching only 415 individuals. Mixed results were achieved among the different organizations based on their approaches and types of education they were funding. Those graduating from two-year courses experienced difficulty in penetrating the overcrowded and competitive job market. Furthermore, even those who were able to find employment had a difficult time paying back their loans.

- Job referral and placement had exceeded the 150 targeted companies that were interested in providing this service to Amerasians with 174 companies enrolled. However, only 20 companies

sustained active support during this period of time due to the economic downturn, which led to many companies adopting a freeze-hiring policy. Despite this, the number of Amerasians referred to companies for placement exceeded the target of 296 by assisting 470 participants. About 135 persons were actually placed in jobs versus 132 that were targeted. This translates to about one out of every four applicants that was able to secure employment from the referral service.

- Microenterprise loans and savings mobilization provided credit assistance to 585 borrowers, over 95% of whom were women. The overall repayment rate for loans due was 85%. Most of the amounts past due had been outstanding for more than 120 days (four months), which was the period when loans were generally considered to be unrecoverable. In addition, capital build-up was far below expectations at 34% of target.

- The project enabled five ACTWA coalition members to embark on fundraising activities to allow them to achieve financial sustainability, thereby building their internal capacities and becoming more effective in their work with Amerasians.

Lessons Learned:

- An interest rate of 2% per month for skills training and education loans was high for the borrower families in the program. Psycho-social support activities enhanced the self-confidence of the participants and helped reduce the drop out rate of those attending classes.

- It was difficult to match jobs with the appropriate skill levels of applicants due to the varied levels of capacity, attitudes, and gender stereotyping. Women were often favored for office work and some Amerasian youth did not show up after having been reprimanded by their supervisors.

- Micro-enterprises reduced the vulnerability of poor households to economic disturbances and helped meet consumption needs.

- Business closures were due mainly to poor borrower selection procedures. Selection was not based on microenterprise experience but need; household crises, e.g. illness in the family was paid for using working capital of the enterprise; many of the recipients were single-headed households, who lacked the labor to continue their businesses.

- Due to the dispersion of borrowers, the project was negatively affected in that a) group pressure that helps deter delinquency in payments was ineffective; and b) staff monitoring and loan collection was problematic.

- Implementing organizations did not make clear distinctions between their microenterprise activities and their social welfare programs, so participants viewed loans as grants that did not need to be repaid.

- While there was a significant portion of unpaid debt, interviewed borrowers still acknowledged their loans. This meant that some portion of these loans can still be recovered if there was a diligent collection system in place.

- Staff working for the microfinance component was also poorly selected as they did not have the skills or inclination to perform as microfinance loan officers, with most having social worker backgrounds and multiple job responsibilities.

This SO contributed to the transformational development goal for USAID assistance to the Philippines.

492-010: Prospect for Peace in Mindanao Strengthened

Performance Goal: Stable political and economic conditions that prevent terrorism from flourishing in fragile or failing states.

FY 05 Performance Overview:

FY 05 Performance:

Strategic and Special Objective Closeout Report: SO 10 is still active, and the Mission is currently reporting its activities under SO 12, "Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence," which began in FY 2005.

492-011: Increased Access to Quality Education and Livelihood Skills in Selected Areas

Performance Goal: Broader access to quality education with an emphasis on primary school completion

FY 05 Performance Overview: The Philippines' education system, once the best in Asia, has deteriorated sharply in recent decades. The system is beset by lack of access to education services, especially for the poor, increased number of school age population dropping out, poor quality teacher training, a shortage of teachers, and poor learning conditions due to overcrowded classes and under-equipped facilities that lack books and teaching materials. The situation, however, is most acute in the poorest and conflict-affected areas of the country, such as in Mindanao, and in particular, within the Autonomous Region in Muslim Mindanao (ARMM). In the absence of immediate intervention, the Philippines education system can be expected to continue its downward slide, leading to ever-larger pools of unemployed and underemployed citizens, loss of economic opportunity and competitiveness, and increased vulnerability to terrorist recruitment.

To help the Government of the Republic of the Philippines (GRP) tackle these major challenges, USAID's education program aims to effectively address, in a visible and sustainable way, disparities in education access and quality in selected disadvantaged areas, particularly in the ARMM and other conflict-affected areas of Mindanao. The program is focused primarily on the elementary level (grades one to three), where foundational skills need to be effectively delivered in order to increase participation and lower drop-out rates. The program also includes livelihood skills programs linked to employment opportunities for out-of-school youth (OSY). By addressing the disparities in education and the problems of out-of-school youth, USAID aims to help reduce the widespread sense of alienation and exclusion that fuels conflict and encourages terrorist activities. The principal vehicle for implementing USAID's education program is the Education Quality and Access for Learning and Livelihood Skills (EQuALLS) Project with Creative Associates, Inc. as the institutional contractor. In addition, activities of six alliances with the following private organizations contribute significantly towards achievement of the program objectives: the International Youth Foundation; Save the Children/Philippines; Synergeia Foundation; Brother's Brother Foundation; the Knowledge Channel; and Real World Productions.

After one year into full implementation, USAID's education program has made significant progress in areas targeted for assistance. The program has met most, and in many cases exceeded, its program targets regarding the number of students who received education incentives and support, the number of OSY enrolled in alternative learning systems, the number of schools constructed and rehabilitated, the number of school managers, school heads and administrators trained, the number of schools equipped with educational technology and multimedia as an instructional tool, and the number of schools who received books and learning materials. USAID support in the implementation of key education sector policies resulted in the greater devolution of education management to the community level. Also, three municipalities and one city in the ARMM, with strong mayoral support, are now actively supporting school reform at the primary level to improve the delivery of education in their areas.

However, the program fell short of its target on the number of OSY reintegrated into the economy. This was largely due to intermittent conflict in two targeted geographic areas and the difficulty in finding business partners for the apprenticeship training component. A downward revision of FY 2006 targets was made to reflect the more limited capacity of the local enterprises in the targeted geographical area. Furthermore, USAID is unable at this time to report on the cohort survival rate and the number of students who transit from the third to the fourth grade indicators since the data will be available only at the end of the Philippine school year in March 2006. It is also too early in the life of the program to determine the impact of USAID assistance on these indicators. Gender disaggregated data will also be collected starting in FY 2006 to further monitor gender parity.

FY 05 Performance:

Achieve Equitable Access to Quality Basic Education

With nearly 63% of the population of Central and Western Mindanao living at or below the poverty level, it

is not surprising that six out of 10 children drop out of elementary school, many of them not going beyond the first three grades. To address this situation, USAID provided education incentives (school uniforms, school bags with learning aids) and health/nutrition-related support (de-worming, medicines and school feeding) to encourage parents to enroll and keep their children in school. More than 5,900 grade one students, including 251 students of private Islamic schools, received this form of assistance during the fiscal year. This exceeded the target of 1,000 students for this support. Classroom construction and renovation was on target with 12 classrooms built in FY 2005, and 576 schools were renovated or received chairs and writing tables to decrease the number of students sharing a table. USAID was also engaged in the Alternative Learning Systems Accreditation and Equivalency (ALS A&E) program designed by the Philippines Department of Education to help OSY gain elementary or secondary school equivalency or to qualify for re-entry into the formal school system at the appropriate academic level. The ALS A&E program had hitherto not been applied to the municipalities in the ARMM covered by the USAID program. The first-year target for students enrolled in the ALS A&E program was 3,000, but the demand was so great that USAID trained additional Instructional Managers and identified more learning centers, constructing or rehabilitating 118 learning centers (exceeding the target of 100) to deliver the seven-month program to nearly 7,500 youths. Since the examination that determines whether an ALS participant will qualify for an elementary level or high school diploma will not be given until February 2006, USAID has no statistics on the success rate of the program. For the first time in the ARMM, USAID implemented a Department of Education program to provide in-school/out-of-school learning options for students at risk of dropping out. Four schools in the ARMM that have high drop-out rates were selected for the pilot project that is reaching approximately 400 first and second year students during the 2005-2006 school year.

Central to USAID's efforts to improve instructional capacity in reading, English, math, and science is teacher training. In FY 2005, USAID trained more than 5,000 elementary teachers and 400 high school teachers, greatly exceeding the target of 3,000 elementary teachers and 150 high school teachers identified for professional development. USAID employs both the cascade method of training trainers who will train successive groups of teachers covering a broad geographic area, as well as training all teachers in USAID partner schools in specific geographical areas.

In support of the Department of Education's policy to establish a standard curriculum including math, science, English, and Filipino for private Islamic schools, USAID is working with 14 Islamic schools to introduce the standard curriculum for their grade one students. In FY 2005, USAID trained 44 Islamic teachers who teach a total of more than 251 children. USAID also organized education summits with the parents to build awareness of their role in supporting their children's education.

Another central element for improving instructional capacity in reading, English, math, and science is the availability of improved materials. USAID developed beginning reading and math materials for use in all grade one classrooms of the four municipalities covered by the program. In 2006, the materials for grade two will be similarly enriched. USAID has developed new materials that integrate math and science concepts into the English class and facilitates the teaching of math and science through the medium of English. USAID has also brought "text2teach" (a satellite delivered, multi-media education program) to enhance instruction at grades five and six to 122 schools in Central Mindanao (exceeding the 82 schools originally targeted). USAID is also helping to strengthen English communication skills by bringing English radio lessons to 211 schools. USAID has brought Educational TV to remote communities in the provinces of Maguindanao and Tawi Tawi, in some cases joining with USAID's Environment and Energy Alliance for Mindanao Off-grid Renewable Energy (AMORE) project to utilize solar power to provide electricity for the televisions. USAID, in partnership with the Rotary Club of Makati, has distributed 309,000 new donated books to serve as teaching aids and supplementary resources for 608 elementary schools, including the 14 Muslim schools being assisted under EQuALLS, and 158 high schools.

In the area of education policy, USAID has conducted a review of education legislation and its implementation within the ARMM and the provinces of central and western Mindanao. USAID collaborated with the Department of Education and the Bureau of Alternative Learning Systems in a series of workshops examining the effectiveness of the ALS A&E program with the aim of instituting reforms to raise its success rate to better prepare out-of-school youth for elementary and high school

equivalency. Several of USAID's alliance partners directly support the Department of Education's policy to decentralize school management by training local Parent-Teacher Community Associations and reinventing local school boards, helping their members become better managers of resources.

A recent gender analysis conducted by USAID provided recommendations on how gender inequality can be addressed in education. The following activities have been considered for mainstreaming gender into the education program: design and adoption of sex-disaggregated data bases and including gender dimensions during the evaluation of results; ensuring gender sensitivity in the development of learning materials; promoting gender balance in admission, training, and scheduling; and provision of gender-responsive design of chairs and desks. In the pilot Islamic schools where students are predominantly male, USAID will implement advocacy activities to promote inclusion of more female students and wider female participation. USAID will also conduct research to identify the major causes and ways to address the higher drop out rate for boys.

Improve Quality of Workforce through Vocational/Technical Education

The high drop out rates and the correspondingly high illiteracy rate, along with conflict and the lack of job-creating investment in Mindanao, have contributed to high unemployment. This leaves youth vulnerable to recruitment by criminal elements and violent secessionist groups. The education program is providing livelihood skills training and building industry linkages to expand opportunities for out-of-school youth to find employment and be reintegrated into the economy.

Through its partnership with the Mindanao Business Council, Save the Children, Philippine Business for Social Progress Foundation, local chambers of commerce and local businesses, USAID is working with the GRP Technical Education and Skills Development Authority to train OSY for self employment or jobs in the areas of food processing, small engine repair, cell phone repair, and agro-industry. Unanticipated problems in identifying local industries for industry immersion and job training experiences, as well as armed conflict occurring in the provinces of Sulu and Zamboanga del Sur, delayed the start of formal training. Thus, the activity results fell short of its target to train 1,000 youth in livelihood skills. By the end of FY 2005, 729 youth were participating in the training programs of which 303 out of a target of 500 were completing apprenticeship experiences. The education program has identified other areas in Sulu and Zamboanga del Sur where vocational and technical education activities will be implemented. Demonstrating results achieved has also been an effective advocacy tool for USAID in encouraging more OSY and local industries to participate in the program. USAID is optimistic that the program will meet its target in FY 2006.

To enhance livelihood skills and employment opportunities of OSY, activities in FY 2006 aim to provide 1,500 youth with the necessary skills and knowledge to operate a viable enterprise or income-generating project. This is a downward revision from the original target of 3,000 and it reflects the limited capacity of the local enterprises in the targeted geographical area. The implementing partner, ASCEND Mindanao, is forging a partnership with the Mindanao Business Council to ensure that there are an adequate number of business partnerships to achieve program goals. Members of the EQuALLS alliances are also some of the top business corporations in the country, which could help sustain the EQuALLS apprenticeship programs. Similarly, industry immersion programs will enroll 600 youth during FY 2006. It is estimated that 60 businesses will also support employment or self employment of OSY.

The low literacy rates especially for women in the ARMM and their limited access to livelihood skills training contribute to their lack of opportunities. Technical and vocational education and training programs, as well as apprenticeship and on-the-job training arrangements with businesses, will encourage female participation in these programs.

Changes to SO: The state of education in areas targeted for USAID assistance is considerably less developed than even initial assessments indicated. Because of this, USAID anticipates an expansion and deepening of its education program, and sees a growing justification for substantially increasing total funding for its activities. USAID envisions a continued geographic focus on Muslim Mindanao, but may

also consider some national-level elements related to education policy/management and English language training. USAID also anticipates developing new activities that would respond to the ANE Bureau's Creating Jobs for 21st Century Initiative and Training Future Leaders, through scholarships for university-level training in selected fields, and which may include other strategic objectives as a cross-cutting issue. USAID will also evaluate implementation arrangements and mechanisms to streamline management by a limited number of staff for a fast expanding program.

SO: 492-011

SO Title: Increased Access to Quality Education and Livelihood Skills in Selected Areas

Program Title: Education

Status: Continuing

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
Cohort survival rate (grades 1-6) (percent)	1	2003	35	+	0	0	0	0	0	39	0	44	2005
Number of out-of-school youth trained in livelihood skills and found job	2	2003	0	+	0	0	0	0	0	1000	729	1500	2005
Number of students enrolled in primary school	1	2003	169818	+	0	0	0	0	0	200000	237000	239000	2005
Number of students who transition from grade 3 to 4 (selected areas)	1	2003	0	+	0	0	0	0	0	2000	0	3000	2005

492-012: Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence

Performance Goal: Stable political and economic conditions that prevent terrorism from flourishing in fragile or failing states.

FY 05 Performance Overview: Conflict in the Philippines is jeopardizing the country's economic and social development, and represents a significant threat to regional security and U.S. interests. USAID's conflict mitigation assistance seeks to address both immediate threats to peace and the underlying causes of conflict. USAID assistance has been instrumental in consolidating the 1996 peace accord between the Government of the Republic of the Philippines (GRP) and the Moro National Liberation Front (MNLF), the largest of the Muslim separatist groups, by demonstrating the tangible benefits of peace. Activities aim to enable former combatants to make a viable living in the mainstream economy, improve infrastructure, accelerate economic and business development, increase access to microfinance services, improve governance, and expand the availability of needed social services.

In FY 2005, USAID made steady progress toward reducing conflict in Mindanao by achieving most of the program targets. While USAID was slightly below target in the case of some indicators (e.g., a total of 229,200 microenterprises actually obtaining access to bank credit versus a target of 230,000; a total of 325 small infrastructure projects undertaken versus a target of 350), USAID substantially exceeded targets in the case of other indicators (e.g., computer and internet education actually introduced into 229 high schools in the CAAs versus a target of 200). Of particular note, FY 2005 saw the completion of the reintegration assistance program focused on MNLF former combatants, an effort that enabled more than 28,000 former combatants to make a reasonable living for themselves and their families as farmers of corn, seaweed or rice. Some 3,000 of the former MNLF combatants have moved into production of higher value crops (e.g., fruit, vegetables, and finfish) to increase their incomes. This reintegration program was unquestionably a key factor in preventing former MNLF members from again taking up arms against the GRP.

While clashes between the Armed Forces of the Philippines (AFP) and various terrorist and bandit groups operating in Mindanao (e.g., the Abu Sayyaf Group, Jemaah Islamiya, the Pentagon Gang, etc.) occurred throughout 2005, these clashes were limited to only a few municipalities in a few provinces. Large-scale sustained fighting (e.g. between the AFP and a small break-away faction of the MNLF) was limited to only one of the 28 provinces of Mindanao and the Sulu Archipelago. The 1996 peace accord between the GRP and the MNLF continued to be honored - even in the face of calls to arms by the break-away MNLF faction fighting the AFP. Importantly, the cease fire agreement reached in 2003 between the GRP and the Moro Islamic Liberation Front (MILF), the largest of the Muslim separatist groups still committed to armed struggle against the GRP, largely held. There were no significant clashes between the MILF and the GRP during the year. Rather, there were actually several encouraging instances where the AFP and the MILF mounted joint operations against bandit groups operating in "MILF areas." Peace talks between the GRP and the MILF are making real progress, and a peace deal is anticipated in 2006. GRP support for USAID activities remains strong, with senior GRP leaders (including President Arroyo) frequently and publicly expressing appreciation and admiration for USAID's efforts.

Program activities to be carried out during FY 2006 will be similar to those carried out in the past, such as infrastructure expansion, school computerization, governance improvement, and expansion of microfinance services. Should the GRP and the MILF reach a peace accord, USAID stands ready to provide immediate assistance for MILF combatants and their communities. USAID will require a substantial increase in funding in order to provide livelihood assistance to reintegrate the estimated 12,000 MILF combatants into the mainstream economy and to bring associated community infrastructure, electrification, business support, health, and education programs to MILF communities. USAID could borrow from existing funding allocations to jump-start such assistance, but additional funds would need to follow to implement a full assistance package. Such a program would represent an excellent investment in helping to ensure lasting peace and security in both the Philippines and the region.

USAID's conflict reduction strategic objective directly supports the Asia Near East Bureau's strategic priorities of Winning the War Against Terrorism, Creating 21st Century Jobs, and Launching a Blue

Revolution. Opportunities to fund U.S. participant training are also being explored in support of the Bureau's Training Future Leaders initiative.

FY 05 Performance:

Expand and Improve Access To Economic and Social Infrastructure

USAID places substantial emphasis on expanding and improving economic and social infrastructure for two principal reasons: 1) Mindanao in general, and in particular the conflict-affected areas of Mindanao, have historically been short-changed in comparison to the rest of the country in the allocation of GRP infrastructure and other resources. Because sustained economic growth is closely related to the availability and quality of economic and social infrastructure, the area has long lagged behind the rest of the country in being able to attract investment and support sustained economic growth; and 2) the fact that only very limited infrastructure development has been undertaken has contributed to the widespread perception among people in the conflict-affected areas that the GRP is indifferent to their interests. This perception was a significant factor in the decision taken by many to take up arms against the GRP.

At the end of FY 2005, a total of 345 small and mid-scale infrastructure projects had been completed, benefiting nearly 1.5 million people in the CAAs. The smaller "community infrastructure" projects (CIPs) include solar dryers, warehouses, river landings, piers, jetties, road upgrades, box culverts, footbridges, water supply systems, etc. Of the total infrastructure projects, there are 325 CIPs completed which is slightly below the FY 2005 target of 350 principally because of delays associated with the project identification and approval process. This issue has now been addressed and resolved. The target for mid-scale infrastructure projects, which include roads, ports, and bridges, was fully attained. Current plans are to construct about 840 small and mid-scale infrastructure projects by the end of the strategy period.

The infrastructure projects are the most visible of USAID's projects and their positive impact on beneficiary communities' economies and outlook is tangible, immediate and significant. Completed infrastructure projects are now providing improved access to markets and social services, lower transport costs, expanded access to potable water, etc. Aside from spurring economic growth and improving services in the communities in which they are constructed, the infrastructure projects serve to help dispel the outdated but widespread perception that the GRP is indifferent to the concerns and needs of religious and cultural minorities.

USAID's FY 2005 target for introducing computer and internet education into high schools and central elementary schools in the ARMM and neighboring CAAs was exceeded. USAID introduced computer and internet education into some 126 schools (versus a target of 97 schools). This brings the total number of schools offering computer and internet education to 229, and the total number of students benefiting to more than 240,000. USAID plans to introduce computer education into a total of at least 400 schools by the end of the strategy period. USAID's efforts to introduce computer and internet education into schools in the conflict affected areas are being strongly supported by several private sector partners - including Intel, Microsoft, Cisco Systems, IBM, and the Ayala Foundation. Contributions from these organizations - usually in the form of dramatically reduced prices for hardware, software, and training - allowed USAID to avoid almost \$600,000 in costs we otherwise would have incurred for this effort. These avoided costs are allowing USAID to expand the Program to accommodate additional schools.

Improve Private Sector Competitiveness

Mindanao, and in particular, the conflict-affected areas of Mindanao, perennially lag behind the rest of the country in terms of attracting new investment, creating new jobs, and expanding economic opportunity. Possibly the most important contributing factor to this is, of course, the ongoing conflict in Mindanao and the discouraging effect this has on decisions to create or expand business in the area. Other important contributing factors include the relatively poor physical infrastructure base in the area, the fact that credit tends to be more expensive, as banks consider lending to Mindanao-based firms to be more risky than is

the case elsewhere, the lesser educational attainment of people in Mindanao compared to the rest of the country, and the existence of some national and local government policies that make establishing and operating businesses unnecessarily problematic. As a means of improving this situation, USAID is supporting a range of activities aimed at assisting private firms to explore opportunities available in Mindanao, which is rich in natural resources, and to bring about modification of the less than desirable aspects of the business environment.

USAID supports development of Business Support Organizations (BSO) which include chambers of commerce and producer associations. Some are Mindanao-wide in scope, such as the Mindanao Business Council and the Mindanao Fruit Growers Association, and the USAID strategy is to encourage their expansion into the CAAs. USAID also supports the establishment or strengthening of BSOs whose operations are specifically focused on the conflict-affected areas, e.g. the Basilan Chamber of Commerce and Industry, the Tawi-Tawi Chamber of Commerce and Industry, the Western Mindanao Seaweed Producers Association, the Muslim Business Forum, and the ARMM Business Council. The BSOs are now providing important services to the businesses they represent, from organizing major conferences and trade fairs to pushing for needed policy reforms. These efforts are helping to expand production and export of higher value products. USAID also assists selected chambers of commerce and commodity producer associations to become financially viable and fully operational on a sustainable basis. USAID helped three of these BSOs to achieve financial viability in FY 2005, and is on track to reach ten by next year. Through USAID's work with BSOs to help identify markets and improve the production quality and marketing of higher value agricultural production, the total value of fruits, vegetables, and marine products exported from Mindanao to China and other Asian markets reached \$8.9 million, which is double the target set for 2005 of \$4.2 million. USAID's assistance was also key to helping some 3,000 former combatants begin production and marketing of high value crops.

Strengthen The Financial Services Sector and Increase Access to Capital

The lack of access of the great majority of microenterprises, particularly in Mindanao, to formal sector financial services poses a significant constraint to accelerating the region's and the country's economic growth. To address this problem, USAID assists rural banks and credit cooperatives throughout Mindanao and the CAAs to develop their capability to profitably provide financial services to micro-entrepreneurs. In FY 2005, the number of rural banks and branches offering microfinance services as a result of USAID assistance is on target at 232 banking units, mostly located in Mindanao. Collectively, the banks have made loans to some 229,200 micro entrepreneurs. While this represents a tremendous achievement, it fell slightly short of the ambitious FY 2005 target of 230,000. Eighty-five percent of borrowers are women. USAID is also assisting 133 credit unions branches to implement international best practices in portfolio management. Their membership has grown from 121,000 when the program started in 1999 to 604,000 in 2005. About 73% of these members are women.

USAID's partnership with banks and credit cooperatives in the effort to expand financial services to micro enterprises resulted in an effective leveraging of private sector funds by private sector funds. Total funding of \$16.9 million for technical assistance to banks brought about at least \$175 million in loans made by banks to microenterprises while USAID's total funding of \$3.5 million for technical assistance to credit cooperatives resulted in at least \$50 million in loans made by these cooperatives to its members.

Support Democratic Local Government and Decentralization

Nine city governments in Mindanao joined the USAID-funded Transparent Accountable Governance (TAG) Project in FY 2005, committing themselves to reforms to improve governance and reduce corruption. With their addition, 16 out of Mindanao's 27 cities were participating in TAG by the fiscal year's end. With the help of technical assistance and training from USAID, the seven cities that originally joined the project in 2002 reduced the average time it takes to renew business permits from seven days in 2003 to under a day in 2005. Aside from realizing these efficiencies, simplified renewal procedures, including a one-stop-shop approach, and improved signage in these seven cities also reduced

opportunities for corruption. During the year, USAID also assisted community ("barangay") and municipal governments in 56 municipalities to increase participation and transparency in their budgeting and planning processes. Seventy-five percent of the resulting priorities identified in these exercises were funded and implemented by municipal governments.

During the fiscal year, nine USAID-funded studies on clan or communal conflict (referred to as "rido" in Mindanao) were completed covering all five provinces of the ARMM plus six other Mindanao provinces where rido is fairly common. The studies provided baseline data on the dynamics of rido and offered ideas on how to stop these conflicts from developing. These included the training of community leaders in mediation and negotiation, which in a number of actual cases proved very useful in preventing disputes from escalating into violence. During this period, USAID also provided funding through the Gerry Roxas Foundation for the Barangay Justice System to be strengthened or established in 196 barangays in the ARMM and conflict-affected areas, bringing the total since 2002 to 746 barangays. The Barangay Justice System is a community-based dispute resolution mechanism embodied in the Local Government Code of the Philippines. Since the inception of the project, a total of 5,292 cases were mediated and close to 70% of these cases were resolved peacefully. In the next two years, USAID will support the establishment or strengthening of the barangay justice system in 500 more barangays in Lanao del Sur and Lanao del Norte, two provinces shown by the rido studies to have a very high rate of clan or communal conflict.

During FY 2005, USAID continued its support for the "Congressional Internship Program for Young Muslim Leaders," a program originally proposed by the Speaker of the Philippines House of Representatives (HOR). Under the Program, USAID supports four-month long internships in the HOR for recent graduates of universities in the conflict-affected areas of Mindanao. The interns are assigned to various congressional committees and get first-hand exposure to how legislation and government policy is created. Some 40 recent graduates went through the internship program in FY 2005, and USAID anticipates increasing the size of the Program in future years.

Change to SO: In FY 2005, the Barangay Justice System activity was funded under Strategic Objective 2 - Performance of Selected Government Institutions Improved. However, beginning FY 2006, this activity will be funded and reported under Strategic Object 12 - Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence.

SO: 492-012

SO Title: Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence

Program Title: Conflict Reduced in Mindanao and Other Areas

Status: Continuing

Indicator	Weight	Baseline Year	Baseline Year Data	Progress Direction + or -	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY2005 Actual	FY2006 Target	Date Last Quality Assess
Cumulative Number of Community Infrastructure Projects	5	2004	202	+	0	0	0	0	202	350	325	640	2004
Cumulative Number of Microenterprises Obtaining Access to Bank-Provided Credit	3	2004	174000	+	0	0	0	0	174000	230000	229200	300000	2004
Cumulative Number of Schools in the Conflict-Affected Areas Offering USAID-Assisted Computer/Internet Instruction	4	2004	103	+	0	0	0	0	103	200	229	340	2005
Total Value of Export of Fruit/Vegetables/Marine Products from Mindanao to Regional Markets	2	2004	9	+	0	0	0	0	8.9	4.2	8.9	12.3	2005

C. FY 08 Plan Narrative:**492-002:****Program Title: Economic Governance****FY 08 Plan Overview**

USAID's integrated economic growth and democratic governance objective focuses on two major challenges that contribute to sluggish economic growth and political instability: conflict and corruption. In FY 2008, USAID will continue to assist the Government of the Republic of the Philippines (GRP) in its efforts to contain the fiscal deficit, address corruption, and implement economic reforms. Improved economic governance contributes to the private sector investment and job growth needed to reduce poverty and helps create an economic environment conducive to conflict reduction in Mindanao. The program thus furthers U.S. interests in combating terrorism, promoting stability, and enhancing trade and investment opportunities.

Promote and Support Credible Elections Processes

USAID will expand assistance for electoral reforms, building on current efforts to automate the vote and improve the capacity of the COMELEC to hold fair and credible elections.

Strengthen the Justice Sector

USAID will expand judicial reform and other law reform activities in the ARMM. USAID will further support its successful interventions to strengthen the justice sector and increase access to justice for individuals and businesses. USAID will further expand support for mediation services.

Strengthen The Financial Services Sector and Increase Access to Capital

USAID will continue and expand policy support for financial sector development, including creating an environment that will encourage growth of microfinance institutions.

Reduce Trafficking In Persons

USAID will continue and expand activities that increase the effective prosecution of traffickers, protect victims, and prevent trafficking of vulnerable persons. USAID will broaden geographic coverage of prevention and protection activities.

Promote And Support Anti-Corruption Reforms

USAID will implement a follow-on anti-corruption program at the national level. Given that the assistance under the MCC is focused on the Office of the Ombudsman, the follow-on anti-corruption activities at the national level will focus on other anti-corruption agencies such as the Civil Service Commission, Commission on Audit, AMLC, Sandiganbayan, and will strengthen civil society organizations engaged in fighting corruption. USAID will broaden geographic coverage of assistance to support anti-corruption activities at the local level. In particular, local governance activities will be expanded to the rest of the cities in Mindanao.

Increase Trade and Investment

Under the follow-on economic governance program, USAID will broaden support to GRP efforts to reduce impediments to trade, improve customs administration, develop an improved policy implementation framework to protect intellectual property rights, promote greater competition, and increase private sector involvement and investment in the information and communications technology, and transportation sectors. USAID will continue and expand existing assistance for infrastructure procurement, regulation,

and privatization. USAID will also investigate what is impeding development of particular industries, with an idea toward assisting the private sector to eliminate barriers to trade. These initiatives may include education or training to foster employment growth.

Improve Economic Policy and the Business Environment

USAID will implement a follow-on economic governance program that focuses on key policy issues and government agencies, specifically in the areas of tax policy and administration, and transport and telecommunications regulation.

492-003:

Program Title: Family Planning and Health

FY 08 Plan Overview

USAID's expanded health objective focuses on five major health program concerns, as follows: maternal health and nutrition, child health and nutrition, family planning, tuberculosis and other emerging infectious diseases like avian influenza, and HIV-AIDS. In FY 2008, USAID will continue to assist the Government of the Republic of the Philippines (GRP) in its efforts to improve the capacity of local government units (LGUs), including those in the Autonomous Region of Muslim Mindanao (ARMM), to finance and deliver devolved health services primarily through strengthening local health management systems. It will continue to provide technical assistance in the development and strengthening of the private sector as well as public-private sector alliances in support of health programs and will endeavor to create an environment favorable to improved provision, utilization and financing of health services through supportive national and local policies as well as appropriate health promotion interventions. The program thus furthers U.S. interests in combating terrorism, promoting stability and economic growth through enhanced health leading to greater productivity and poverty alleviation. On the other hand, improved health systems are expected to minimize corruption in the health sector and ensure greater access to health services by the poor.

Support Family Planning

As part of its continuing support to the efforts of the Philippine government to achieve “contraceptive self-reliance” (i.e., end its dependence on free contraceptives provided by USAID and other donors), USAID will continue to help the private sector improve and expand its provision of voluntary family planning services and products. This will include increasing workplace support for and provision of family planning and health services, increasing private sector sales of contraceptives, and supporting the nationwide expansion of an accreditation service for private providers that will build consumer confidence in these services and maintain their competitiveness. USAID will continue to develop public-private alliances to increase private sector investments in support of family planning programs as well as continue to provide technical assistance and training to local government health personnel. Additional support will be provided to improve health facilities and service provision in the ARMM. USAID will also continue to implement appropriate promotion and communications activities and build the capacity of local service providers and community-based networks and organizations to increase integrated interpersonal communication and counseling in family planning, maternal and child health and infectious diseases, where appropriate. Likewise, USAID will provide technical assistance to expand implementation and utilization of the improved benefits package in family planning as well as other health services supported by SO 3 under the National Health Insurance Program to cover additional LGUs and program beneficiaries.

Reduce Transmission and Impact Of HIV/AIDS

USAID will continue to work with LGUs and non-government organizations (NGOs) in addressing the problem of HIV/AIDS. It will strengthen the capacity of LGUs to plan and implement HIV/AIDS prevention, education, and other services using local resources. USAID will assist in building and strengthening the

capacity of NGOs to reduce the threat of HIV/AIDS among at-risk groups by supporting their activities on resource generation for promotion and delivery of prevention activities. USAID will also support an improved policy environment for HIV surveillance, prevention and control.

Prevent and Control Infectious Diseases Of Major Importance

To increase the availability and utilization of TB diagnosis and treatment by the public sector, USAID will provide technical assistance and training to local government health personnel, including service providers in the ARMM, to promote and implement activities on TB prevention and treatment. Emerging infectious diseases such as avian influenza (AI) will be addressed through provision of support to LGUs for preparedness planning, as necessary. USAID will also provide technical assistance and information to private providers to improve their promotion, diagnosis and treatment of TB and develop public-private sector alliances to increase private sector provision of TB detection and treatment.

Improve Maternal Health and Nutrition

USAID will provide technical assistance to public and private sector health service providers to promote, improve and expand the provision of maternal health services. Funds already transferred to the USAID Development Credit Authority credit guarantee mechanism will be used to strengthen and expand existing midwife clinics and facilitate the generation of commercial financing for the establishment of new midwife clinics. USAID will integrate maternal and child health into existing public and private sector family planning programs with special focus on the conflict-afflicted ARMM.

Improve Child Survival, Health and Nutrition

USAID will continue to provide technical assistance to increase the number of micronutrient-fortified foods in the market and their consumption, and to ensure enforcement of food fortification laws, specifically the Salt Iodization Law and the Food Fortification Law. This will be done by supporting public-private alliances with the food industry, particularly with the salt, sugar, oil, flour and rice industry, to ensure intensified implementation of food fortification, while LGUs will be given technical assistance in monitoring the implementation of those laws. At the same time, USAID will support other child health interventions, such as breastfeeding promotion and the provision of Vitamin A supplementation and immunization services.

492-004:

Program Title: Environment and Energy

FY 08 Plan Overview

USAID's environment and energy objective is aimed at strengthening local management of key natural resources, with a geographic focus on Mindanao and other conflict-affected areas, as well as on high-biodiversity sites. Activities strengthen capacity to address declining natural resource productivity due to over-exploitation and poor governance of forest, coastal and fishery resources; promote access to sufficient, clean and affordable energy; provide renewable energy to remote communities; prevent, reduce, and mitigate pollution from vehicle emissions, solid wastes and waste water; and expand access to clean water and sanitation services. The program contributes to Presidential Initiatives on: Water for the Poor; Global Climate Change; Clean Energy; and Illegal Logging.

Reduce, Prevent and Mitigate Pollution

USAID plans to continue work with the GRP and selected local governments in strengthening enforcement of and compliance with vehicle emission standards. USAID also expects to continue working with targeted local governments to achieve a 25 percent waste diversion rate, including the establishment of improved waste disposal systems such as sanitary landfills. Fifteen local governments are expected to achieve the 25 percent benchmark by 2008. Efforts may also include support to

development of GRP programs and policies that support local governments in improving solid waste management.

Improve Sustainable Management Of Natural Resources and Biodiversity

USAID plans to continue support for local initiatives that protect and sustainably manage an additional 112,000 hectares of natural forests, production forests, and coastal-marine ecosystems. Approved management plans, ordinances, personnel and budgetary resources support management of these natural resources. USAID may continue efforts to strengthen environmental law enforcement strategies through better integration of local and national efforts. USAID expects to maintain partnerships with networks of local governments and key national agency partners as a means to expand improved natural resource management beyond current target areas.

Improve Access To Clean Water and Sanitation

USAID plans to continue collaboration with the Japan Bank for International Cooperation, the GRP, and the private sector in promoting use of a Philippine Water Revolving Fund for water and sanitation infrastructure financing. Activities may include support to policy and institutional reforms that encourage wider use of the fund to enable its long-term sustainability. USAID may also continue work with local governments in implementing low-cost wastewater treatment systems to improve access to sanitation for approximately 40,000 people.

Expand and Improve Access To Economic and Social Infrastructure

USAID plans to electrify 800 more households using solar and micro-hydro systems and continue support to community initiatives for economic use of renewable energy systems, including school electrification. USAID expects to maintain limited, strategic support to energy sector reforms, including assistance to the Energy Regulatory Commission and the promotion of clean and renewable energy.

492-011:

Program Title: Education

FY 08 Plan Overview

USAID's education program addresses disparities in education and problems of out-of-school youth in the ARMM and other conflict-affected areas of Mindanao. The project focus is on the elementary level to deliver foundation skills of literacy and numeracy as well as content mastery and higher order thinking skills in Math, Science and English. It aims to expand access, improve educational quality and increase completion rates. The project also provides basic education and livelihood skills for out-of-school children and youth through nonformal education interventions.

Improve Quality of Workforce through Vocational/Technical Education

USAID will expand livelihood training and apprenticeship programs for OSY to additional municipalities in Mindanao. Apprentice-like work experiences in call centers, offices, shops, and factories will be set up for trainees in cities such as General Santos City, Iligan and Pagadian City. USAID will collaborate with the private sector in providing scholarships for post-secondary technical and vocational education, and university education for high school youth who show leadership and entrepreneurial skills. USAID will continue to provide scholarships for university education, including graduate-level training in English language teaching, public administration, law, and education.

Achieve Equitable Access to Quality Basic Education

USAID will focus its assistance on elementary schools (i.e., Grades 1-6) and Alternative Learning Systems (ALS) and livelihood skills/jobs training programs for out-of-school youth (OSY) in those

municipalities within the Autonomous Region in Muslim Mindanao (ARMM) or Regions 9 and 12 already identified in the program. USAID will increase funding for school and classroom construction or repair. USAID will broaden the network of schools and ALS centers reached through distance education technologies, and USAID will train new teachers on the use of these resources. USAID will work with Teacher Education Institutions in the region to provide short-term training following up on the intensive training for Science, Math, and English instruction provided in earlier years. USAID will provide textbooks and resource materials to approximately 100 additional schools and alternative learning centers. USAID will provide scholarships for teachers to earn graduate degrees at Philippine institutions in education administration, testing and evaluation.

492-012:**Program Title: Conflict Reduced in Mindanao and Other Areas****FY 08 Plan Overview**

By the end of 2007, USAID/Philippines expects the situation with respect to consolidating the peace in Mindanao will be such that an adjustment to the current strategy of mitigating conflict would be possible. The new strategy in FY 2008 will focus on jump-starting the economic development in Mindanao in order to create sustainable economic opportunities for disadvantaged groups, including former combatants.

Support Democratic Local Government and Decentralization

USAID will support the efforts of local governments to improve governance by promoting efficiency, transparency and accountability.

Strengthen The Financial Services Sector and Increase Access to Capital

USAID will improve access to microfinance services to include micro-agricultural credit provided by rural banks. USAID will increase capability of credit cooperatives to provide financial services by supporting the establishment of a private deposit insurance facility for credit cooperatives. Support will also be provided for the development of the cooperative network's capacity for self-regulation.

Improve Private Sector Competitiveness

USAID will provide technical assistance to to expand production and marketing of high-value exportable commodities. Exports will target the huge China market, as well as, other regional markets. Commodity assistance and training, both formal and informal, will be provided to help disadvantaged groups, including former combatants, take advantage of the economic opportunities created. USAID will also develop the capability of business organizations to promote trade and investment in Mindanao, and to provide assistance to their stakeholders.

Expand and Improve Access To Economic and Social Infrastructure

Significant proportion of the FY 2008 funds will go into the improvement of economic infrastructure designed to increase income- and job-generating trade and investment in the conflict-affected areas of Mindanao. USAID will fund the construction of 15 mid-scale infrastructure projects and 200 community infrastructure projects.

E. Results Framework

492-001 Accelerate the Economic Transformation of Mindanao

Program Title: Mindanao

492-002 Performance of Selected Government Institutions Improved

Program Title: Economic Governance

SO Level Indicator:

- Corruption perception index
- Domestic tax revenues to GDP ratio
- Growth in private sector employment (sex-disaggregated)
- Level of trade protection

- 2.1: Judicial efficiency improved
- 2.2: Corruption in Philippine Government institutions reduced
- 2.3: Revenue administration improved
- 2.4: Innovations in trade and investments promoted

492-003 Desired Family Size and Improved Health Sustainably Achieved

Program Title: Family Planning and Health

SO Level Indicator:

- Contraceptive Prevalence Rate of Modern Methods
- Contraceptive Prevalence Rate of Modern Methods in ARMM
- Percent of family planning users obtaining supplies and services from private sector sources
- Percent of HIV sentinel sites with <3% HIV/AIDS sero-prevalence among high risk groups
- Percent of participating units achieving at least 85% cure rate for TB

- 3.1: LGU provision and management of FP/MCH/TB/HIV-AIDS services strengthened
- 3.2: Provision of quality services by private and commercial providers expanded
- 3.3: Greater access to family planning services achieved through public information and enhanced provider skills
- 3.4: Policy environment for financing and provision of services improved

492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened

Program Title: Environment and Energy

SO Level Indicator:

- Carbon dioxide emission avoided
- Hectares under improved natural resources management

- 4.1: Supply of reliable, affordable and cleaner energy increased
- 4.2: Governance of forest, water, and coastal resources improved
- 4.3: Urban environmental management improved

492-010 Prospect for Peace in Mindanao Strengthened

Program Title: Conflict Resolution in Mindanao

- 10.1: Reintegration of former combatants and their communities
- 10.2: Improving economic infrastructure in conflict-affected areas
- 10.3: Accelerating economic and business development of Mindanao
- 10.4: Increasing access to microfinance services
- 10.5: Improving governance and delivery of social services in the ARMM

492-011 Increased Access to Quality Education and Livelihood Skills in Selected Areas

Program Title: Education

SO Level Indicator:

- Number of out-of-school youth trained and found jobs
- Number of students who transition from grade 3 to grade 4

- 11.1:** Access to learning opportunities increased
- 11.2:** Improved quality of instruction for reading, English, math and science
- 11.3:** Out-of-school youth reintegrated into a productive economy
- 11.4:** Improved policies and strengthened capacity for implementation

492-012 Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence

Program Title: Conflict Reduced in Mindanao and Other Areas

SO Level Indicator:

- Availability of scheduled bus travel between key points in the CAAs of Mindanao
- Increase in availability of telecommunications services in CAAs of Mindanao
- Number of internally-displaced persons (IDPs) being sheltered in GRP-sponsored camps
- Number of terrorist bombings in CAA's of Mindanao

- 12.1:** Development of needed economic infrastructure
- 12.2:** Expansion of economic opportunity in CAAs
- 12.3:** Improvement of governance and social services

SO Profiles for Philippines

SO No	SO Name	Program Title	Status	Primary Perf Goal	Secondary Perf Goal	Pillar	Year of Init Obl	Last Year of NOA
492-001	Accelerate the Economic Transformation of Mindanao	Mindanao	Closed Out	Stable political and economic conditions that prevent terrorism from flourishing in fragile or failing states.		Economic Growth, Agriculture and Trade	1990	2000
492-002	Performance of Selected Government Institutions Improved	Economic Governance	Continuing	Institutions, laws, and policies foster private sector led growth, macroeconomic stability, and poverty reduction	Measures adopted to develop transparent and accountable democratic institutions, laws, and economic and political processes and practices.	Economic Growth, Agriculture and Trade	1995	2009
492-003	Desired Family Size and Improved Health Sustainably Achieved	Family Planning and Health	Continuing	Improved global health, including child, maternal, and reproductive health, and the reduction of abortion and disease, especially HIV/AIDS, malaria, and tuberculosis		Global Health	1994	2009
492-004	Management of Productive, Life-Sustaining Natural Resources Strengthened	Environment and Energy	Continuing	Partnerships, initiatives, and implemented international treaties and agreements that protect the environment and promote efficient energy use and resource management		Economic Growth, Agriculture and Trade	1995	2009
492-005	Reduced Growth of Greenhouse Gas Emissions	Environment and Energy	Continuing	Partnerships, initiatives, and implemented international treaties and agreements that protect the environment and promote efficient energy use and resource management		Economic Growth, Agriculture and Trade	1996	2000
492-006	Broadened Participation in Formulation and Implementation of Public Policies in Selected Areas	Governance	Closed Out	Measures adopted to develop transparent and accountable democratic institutions, laws, and economic and political processes and practices.		Economic Growth, Agriculture and Trade	1993	2000
492-007	Threat of HIV/AIDS and Selected Infectious Diseases Reduced	Reduce HIV/AIDS and Selected Infectious Diseases	Continuing	Improved global health, including child, maternal, and reproductive health, and the reduction of abortion and disease, especially HIV/AIDS, malaria, and tuberculosis		Global Health	1992	2001
492-008	Assistance to Amerasians	Assistance to Amerasians	Closed Out	A high performing, well-trained, and diverse workforce aligned with mission requirements.		Economic Growth, Agriculture and Trade	1996	1996
492-010	Prospect for Peace in Mindanao Strengthened	Conflict Resolution in Mindanao	Continuing	Stable political and economic conditions that prevent terrorism from flourishing in fragile or failing states.		Economic Growth, Agriculture and Trade	2001	2004
492-011	Increased Access to Quality Education and Livelihood Skills in Selected Areas	Education	Continuing	Broader access to quality education with an emphasis on primary school completion		Economic Growth, Agriculture and Trade	2004	2009
492-012	Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence	Conflict Reduced in Mindanao and Other Areas	Continuing	Stable political and economic conditions that prevent terrorism from flourishing in fragile or failing states.		Economic Growth, Agriculture and Trade	2005	2009
492-XXX	498-009 U.S. - Asia Environmental Partnership (US-AEP)	ANE Regional US-AEP	Closed Out	Erroneous SO Entry				
492-YYY	Regional Support	Regional Support	Closed Out	Erroneous SO Entry				

Global Climate Change (GCC)

March 31, 2006 2:33 pm

Philippines

Strategic Objective	Sector Code	Fund Account	FY 2005 Obligation	FY 2006 Estimate	FY 2007 Proposed	FY 2008 Request
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	VA	DA	0	0	0	0
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	O	DA	0	0	0	0
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	LU	DA	1,000	650	650	650
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	E	DA	2,410	1,936	900	1,000
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	VA	ESF	0	0	0	0
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	O	ESF	0	0	0	0
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	LU	ESF	650	300	200	250
492-004 Management of Productive, Life-Sustaining Natural Resources Strengthened	E	ESF	2,020	1,320	1,500	1,500

Global Development Alliances - Philippines

03/31/2006 2:33:56 PM

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
Alliance for Mindanao Off-Grid Renewable Energy (AMORE) Program	2002	3.5	0	400,000	7,590,202	7,990,202	0	410,000	1,280,532	1,690,532	0	0	177,124	177,124
<i>Sector</i>	Energy													
<i>Manager Contact</i>	Daniel Moore													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	The objective of this alliance is to promote solar energy market development in the Philippines, and the use of reliable solar energy systems in cost-effective rural applications including rural household electrification and support for rural services, particularly education. In many of these areas, the lack of electric power negatively affects social and economic development. The project is expected to benefit 5,400 residents, 50 schools and 5000 students.													
<i>Partner Name</i>	Mirant					<i>Partner Type</i>		Private Business						
<i>Partner Name</i>	Philippines Department of Energy					<i>Partner Type</i>		Federal/National Gov Agency						
<i>Partner Name</i>	SunPower Corporation					<i>Partner Type</i>		Private Business						
<i>Partner Name</i>	Winrock International					<i>Partner Type</i>		NGO						

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
Alliance for Mindanao Off-Grid Renewable Energy Phase 2 (AMORE 2) Program	2005	5	0	0	4,654,074	4,654,074	0	0	360,138	2,425,650	0	0	30,058	325,999
<i>Sector</i>	Energy													
<i>Manager Contact</i>	Allan Mesina													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	Provide electricity to remote and conflict affected areas in Mindanao using renewable energy													
<i>Partner Name</i>	Autonomous Region in Muslim Mindanao					<i>Partner Type</i>		Federal/National Government Agency						
<i>Partner Name</i>	Knowledge Channel					<i>Partner Type</i>		NGO						
<i>Partner Name</i>	Mirant Philippines					<i>Partner Type</i>		Private Business						
<i>Partner Name</i>	Philippine National Oil Company					<i>Partner Type</i>		Private Business						
<i>Partner Name</i>	Philippines Department of Energy					<i>Partner Type</i>		Federal/National Government Agency						
<i>Partner Name</i>	Shell Solar					<i>Partner Type</i>		Private Business						
<i>Partner Name</i>	Winrock International					<i>Partner Type</i>		NGO						

Alliance Name	Initial	Expected	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
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	Year of Alliance	Duration	2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
Automated Export Documentation System (AEDS)	2002	3	0	45,000	50,000	95,000	0	400,000	317,000	717,000	0	0	0	0
<i>Sector</i>	Economic Growth/Trade													
<i>Manager Contact</i>	Robert Wuertz													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	24/7 automation of the export documentation cycle to facilitate day-to-day transactions of exporters with the Bureau of Customs (BOC), the Philippine Economic Zone Authority (PEZA), etc., thereby bringing down money and time costs for business.													
<i>Partner Name</i>	AirFreight 2100/E-Konek					<i>Partner Type</i>	Private Business							
<i>Partner Name</i>	Bureau of Customs					<i>Partner Type</i>	Federal/National Government Agency							
<i>Partner Name</i>	Philippine Economic Zone Authority					<i>Partner Type</i>	Federal/National Government Agency							
<i>Partner Name</i>	PLDT Brains					<i>Partner Type</i>	Private Business							
<i>Partner Name</i>	Semiconductor and Electronics Industries of the Philippines					<i>Partner Type</i>	Trade Association							

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions				
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life	
Clean Cities Program	2003	3	0	0	1,500,000	1,500,000	0	0	0	0	0	0	0	5,350,000	5,350,000
<i>Sector</i>	Environment														
<i>Manager Contact</i>	Jose Canivel														
<i>Countries in Alliance</i>	Philippines														
<i>Alliance Objective</i>	Four partnerships strive to reach six results: reduced electricity costs, expanded use of renewable energy, reduced vehicle emissions, reduced over-fishing and use of destructive fishing practices, improved management of solid and hazardous wastes, and reduced illegal logging and conversion of natural forests.														
<i>Partner Name</i>	Caltex Philippines, Shell Philippines					<i>Partner Type</i>	Private Business								
<i>Partner Name</i>	Philippines Departments of Energy, Transportation					<i>Partner Type</i>	Federal/National Government Agency								
<i>Partner Name</i>	SMART Communications					<i>Partner Type</i>	Private Business								
<i>Partner Name</i>	The Flying J Petroleum Distribution Company					<i>Partner Type</i>	Private Business								

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
EQuALLS: Assistance for the Comprehensive Educational Development of Mindanao (ASCEND Mindanao)	2004	2	0	2,622,876	0	2,622,876	0	0	0	0	0	1,692,650	0	3,385,300
<i>Sector</i>	Education/Workforce training													
<i>Manager Contact</i>	Tom Kral													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	The Alliance seeks to increase learning opportunities for basic and non-formal education for children and adolescents in the poorest, school-less and conflict-affected													

	communities of Maguindanao, Sulu, North Cotabato, and Zamboanga del Sur.		
<i>Partner Name</i>	Department of Education	<i>Partner Type</i>	Federal/National Government Agency
<i>Partner Name</i>	Mindanao Business Council	<i>Partner Type</i>	Trade Association
<i>Partner Name</i>	Pacific Resources for Education and Learning	<i>Partner Type</i>	Higher Education
<i>Partner Name</i>	Save the Children	<i>Partner Type</i>	NGO

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
EQuALLS: Education and Livelihood Skills Alliance (ELSA)	2004	3	0	2,164,539	2,035,461	4,200,000	0	864,941	0	2,778,269	0	1	404,428	5,565,380
<i>Sector</i>	Education/Workforce training													
<i>Manager Contact</i>	Tom Kral													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	ELSA seeks to build multi-stakeholder and multi-sector partnerships in Mindanao, while leveraging existing programs and partnerships to improve educational quality, increase employment opportunities and engage young Filipino leaders. In addition, the alliance will establish alternative learning systems for young people in Mindanao, particularly in the Autonomous Region of Muslim Mindanao (ARMM), who do not have access to formal school due to poverty, armed conflict or simply because of limited or absence of formal education structures in their communities													
<i>Partner Name</i>	Ayala Foundation	<i>Partner Type</i>	NGO											
<i>Partner Name</i>	Consuelo Foundation	<i>Partner Type</i>	NGO											
<i>Partner Name</i>	Department of Education - ARMM	<i>Partner Type</i>	Non-Federal/Local Government Agency											
<i>Partner Name</i>	International Youth Foundation	<i>Partner Type</i>	NGO											
<i>Partner Name</i>	Petron Foundation	<i>Partner Type</i>	Foundation											
<i>Partner Name</i>	Philippine Business for Social Progress	<i>Partner Type</i>	NGO											
<i>Partner Name</i>	Philippines Dept. of Education	<i>Partner Type</i>	Federal/National Government Agency											
<i>Partner Name</i>	SEAMEO INNOTECH	<i>Partner Type</i>	Regional Organization											

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
EQuALLS: Improving English Language Teaching and Learning in Mindanao	2004	2	0	787,800	212,200	1,000,000	0	0	0	0	0	682,758	0	1,019,201
<i>Sector</i>	Education/Workforce training													
<i>Manager Contact</i>	Tom Kral													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	Improvement in teaching and learning in Mindanao via educational radio, audio, print and integrated training													
<i>Partner Name</i>	Ateneo de Zamboanga	<i>Partner Type</i>	Higher Education											

<i>Partner Name</i>	NDFCAI-WED	<i>Partner Type</i>	NGO
<i>Partner Name</i>	Real World Productions	<i>Partner Type</i>	Private Business
<i>Partner Name</i>	SEAMEO-INNOTECH	<i>Partner Type</i>	Regional Organization

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
EQuALLS: Moving ARMM Communities to Get Their Grade One Children to Read and Do Mathematics Well	2004	3	0	697,600	2,423,967	3,121,567	0	0	0	0	0	927,075	0	4,271,531
<i>Sector</i>	Education/Workforce training													
<i>Manager Contact</i>	Tom Kral													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	The alliance addresses the problem of very poor reading and number skills of Grades 1-3 children in Upi, Barira, Datu Paglas, and Marawi City in ARMM. The program will enable all primary school children in the target areas to read and understand simple English and do Mathematics well by the time they leave grade 3.													
<i>Partner Name</i>	Department of Education - ARMM					<i>Partner Type</i>	Non-Federal/Local Government Agency							
<i>Partner Name</i>	Eskwelahan sang Katawhan					<i>Partner Type</i>	NGO							
<i>Partner Name</i>	Municipal Governments of Upi, Barira, Datu Paglas & Marawi City					<i>Partner Type</i>	Non-Federal/Local Government Agency							
<i>Partner Name</i>	Museo Pambata Foundation					<i>Partner Type</i>	Foundation							
<i>Partner Name</i>	Naga City Government					<i>Partner Type</i>	Non-Federal/Local Government Agency							
<i>Partner Name</i>	Project JOSIE - Provincial Government of Bulacan					<i>Partner Type</i>	Non-Federal/Local Government Agency							
<i>Partner Name</i>	Synergea Foundation					<i>Partner Type</i>	NGO							
<i>Partner Name</i>	University of Notre Dame Marbel					<i>Partner Type</i>	Higher Education							

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
EQuALLS: Television Education for the Advancement of Muslim Mindanao (TEAM Mindanao)	2004	3	0	450,000	350,000	1,000,000	0	0	0	0	0	529,024	242,665	1,584,394
<i>Sector</i>	Education/Workforce training													
<i>Manager Contact</i>	Tom Kral													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	The Alliance addresses the need for a strategic and innovative intervention in the Autonomous Region in Muslim Mindanao (ARMM). It also responds to the need to provide business and skills training for out-of-school youth through the continued airing of program modules on livelihood and business skills directed at them.													
<i>Partner Name</i>	ABS-CBN Broadcasting Corporation					<i>Partner Type</i>	Private Business							

<i>Partner Name</i>	ABS-CBN Foundation Inc.	<i>Partner Type</i>	NGO
<i>Partner Name</i>	Central CATV	<i>Partner Type</i>	Private Business
<i>Partner Name</i>	Eskwela ng Bayan	<i>Partner Type</i>	Federal/National Government Agency
<i>Partner Name</i>	Knowledge Channel	<i>Partner Type</i>	Private Business
<i>Partner Name</i>	National Broadcasting Network	<i>Partner Type</i>	Federal/National Government Agency
<i>Partner Name</i>	NDFCAI-WED	<i>Partner Type</i>	NGO
<i>Partner Name</i>	Philippine Cable Television Association	<i>Partner Type</i>	Private Business
<i>Partner Name</i>	Philippine Department of Education	<i>Partner Type</i>	Federal/National Gov Agency

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions				
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life	
EQuALLS: Book Acquisition and Distribution	2004	3	0	486,996	0	486,996	0	0	0	0	0	####	###	0	#####
<i>Sector</i>	Education/Workforce training														
<i>Manager Contact</i>	Tom Kral														
<i>Countries in Alliance</i>	Philippines														
<i>Alliance Objective</i>	Provide new books for the southern island of Mindanao, with specific focus on responding to the needs of the people in the Autonomous Region of Muslim Mindanao. The books will primarily focus on elementary education especially Grades 1-3 English, Math and Science.														
<i>Partner Name</i>	Allied Bank					<i>Partner Type</i>	Private Business								
<i>Partner Name</i>	Brother's Brother Foundation					<i>Partner Type</i>	NGO								
<i>Partner Name</i>	Rotary Club of Makati					<i>Partner Type</i>	Foundation								

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions				
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life	
Hybrid Corn Production, Processing, and Marketing (Monsanto)	2003	1	42,000	0	0	42,000	108,100	0	0	108,100	4,000	0	0	4,000	
<i>Sector</i>	Agriculture														
<i>Manager Contact</i>	Robert Wuertz														
<i>Countries in Alliance</i>	Philippines														
<i>Alliance Objective</i>	Improve productivity through the use of high yielding varieties and innovative technology in order to increase farmers' incomes and meet the increasing demand for corn. USAID is able to support an effective program that has a very high cost-benefit ratio and which helps farmers in a poverty-stricken part of the Philippines. Monsanto is able to build interest in its high yield seed, while at the same time, taking advantage of this opportunity to fulfill its responsibilities as a good corporate citizen. USAID has influenced the design to make the intervention more environmentally friendly.														
<i>Partner Name</i>	Monsanto					<i>Partner Type</i>	Private Business								

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life

Solar Energy for Rural Electrification and Development (SERED)	2004	1.5	0	0	400,000	400,000	0	0	410,000	410,000	0	0	0	0
<i>Sector</i>	Environment													
<i>Manager Contact</i>	Allan Mesina													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	The objective of this alliance is to promote solar energy market development in the Philippines, and the use of reliable solar energy systems in cost-effective rural applications including rural household electrification and support for rural services, particularly education. In many of these areas, the lack of electric power negatively affects social and economic development. The project is expected to benefit 5,400 residents, 50 schools and 5000 students.													
<i>Partner Name</i>	Autonomous Region in Muslim Mindanao					<i>Partner Type</i>		Federal/National Government Agency						
<i>Partner Name</i>	Philippines Department of Energy					<i>Partner Type</i>		Federal/National Government Agency						
<i>Partner Name</i>	SunPower Corporation					<i>Partner Type</i>		Private Business						
<i>Partner Name</i>	Winrock International					<i>Partner Type</i>		NGO						

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
Sustainable Coastal Tourism in Asia (SCOTIA) Project	2004	3	0	1,479,101	0	1,479,101	0	0	0	1,500,000	0	0	0	1,500,000
<i>Sector</i>	Environment													
<i>Manager Contact</i>	Mary Joy A. Jochico													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	SCOTIA will work primarily with hotels, resorts, dive shop operators in Puerto Galera, Bohol, Cebu, El Nido and Batangas to implement measures to reduce the damage from tourism to sensitive coastal ecosystems in these areas.													
<i>Partner Name</i>	Consortium of Centers of Local Governance					<i>Partner Type</i>		Higher Education						
<i>Partner Name</i>	Coral Reef Alliance					<i>Partner Type</i>		NGO						
<i>Partner Name</i>	Hotels, Resorts and Dive Shops in Project Shops					<i>Partner Type</i>		Private Business						
<i>Partner Name</i>	International Hotel Environmental Initiative					<i>Partner Type</i>		NGO						
<i>Partner Name</i>	Local Governments in Project Sites					<i>Partner Type</i>		Non-Federal/Local Government Agency						
<i>Partner Name</i>	Solid Waste Management Association of the Philippines					<i>Partner Type</i>		NGO						
<i>Partner Name</i>	World Wildlife Fund					<i>Partner Type</i>		NGO						

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
Sustainable Cocoa Extension Service for Smallholders (SUCCESS) Alliance	2002	3	0	0	738,763	738,763	0	0	0	0	0	0	361,118	361,118
<i>Sector</i>	Environment													
<i>Manager Contact</i>	Oliver Agoncillo													
<i>Countries in Alliance</i>	Philippines, Indonesia, Vietnam, Ecuador													

<i>Alliance Objective</i>	SUCCESS Philippines established cocoa in the Philippines as a viable income source for farmers through developing existing cocoa-related institutions and training smallholder cocoa famers on integrated pest management and cocoa pod borer (CPB).		
<i>Partner Name</i>	ACDI/VOCA	<i>Partner Type</i>	NGO
<i>Partner Name</i>	CocoaPhil	<i>Partner Type</i>	Trade Association
<i>Partner Name</i>	Masterfoods	<i>Partner Type</i>	Private Business
<i>Partner Name</i>	PT Effem	<i>Partner Type</i>	Private Business
<i>Partner Name</i>	WCF	<i>Partner Type</i>	Foundation

Alliance Name	Initial Year of Alliance	Expected Duration	USAID Obligations				Partner Cash Contributions				Partner In-kind Contributions			
			2003	2004	2005	Life	2003	2004	2005	Life	2003	2004	2005	Life
Transforming the Marine Aquarium Trade (TMAT)	2003	3	821,000	0	0	821,000	815,000	0	0	815,000	0	0	1,363,900	1,363,900
<i>Sector</i>	Environment													
<i>Manager Contact</i>	Daniel Moore													
<i>Countries in Alliance</i>	Philippines													
<i>Alliance Objective</i>	Project goal is to transform the marine aquarium trade in the Philippines to sustainability through MAC Certification for marine ornamental collectors and collection areas. Specific objectives include: 1) Ensure collectors have the information, training and skills to become MAC Certified; 2) Ensure community stakeholders are able to develop and implement MAC Certified ecosystem management for collection areas; and 3) Ensure MAC and its partners have the capacity to develop, coordinate and implement the TMAT program. The objectives of the proposed MAC-led TMAT Alliance of marine aquarium industry and consumer associations, NGOs and government agencies all converge on common interests of: healthy reefs and fisheries; sustainable livelihoods and communities; and sustainable trade and healthy, high quality reef organisms.													
<i>Partner Name</i>	Exporters in the Philippines					<i>Partner Type</i>	Private Business							
<i>Partner Name</i>	Importers in USA and Europe					<i>Partner Type</i>	Private Business							
<i>Partner Name</i>	International Finance Coporation/Global Environment Facility					<i>Partner Type</i>	Multilateral Donor							
<i>Partner Name</i>	Kabang Kalikasan ng Pilipinas (KKP) (World Wildlife Fund-Philippines)					<i>Partner Type</i>	NGO							
<i>Partner Name</i>	Ministry of Foreign Affairs, Government of Netherlands					<i>Partner Type</i>	Federal/National Government Agency							
<i>Partner Name</i>	Philippine Tropical Fish Exporters Association (PTFEA)					<i>Partner Type</i>	Trade Association							
<i>Partner Name</i>	Philippines Bureau of Fisheries and Aquatic Resources (BFAR)					<i>Partner Type</i>	Federal/National Gov Agency							
<i>Partner Name</i>	Reef Check Foundation					<i>Partner Type</i>	Foundation/Philanthropist							
<i>Partner Name</i>	Retailers in USA and Europe					<i>Partner Type</i>	Private Business							
<i>Partner Name</i>	United States Pet Industry Joint Advisory Council (PIJAC)					<i>Partner Type</i>	Trade Association							